

ALASKA STRANDED GAS FISCAL CONTRACT

BETWEEN

THE STATE OF ALASKA

AND

BP EXPLORATION (ALASKA) INC.,

CONOCOPHILLIPS ALASKA, INC., and

EXXONMOBIL ALASKA PRODUCTION INC.

All terms included in the attached are DRAFT in nature.

The agreement to any one term is contingent upon the agreement to all other terms. All terms are subject to ultimate review and approval by all Parties.

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PARTIES

This Alaska Stranded Gas Fiscal Contract is entered into between the State of Alaska, on the one part, and BP Exploration (Alaska) Inc., ConocoPhillips Alaska, Inc., and ExxonMobil Alaska Production Inc., on the other part.

RECITALS

1. The *Legislature* enacted the *SGDA* for the purposes of encouraging new investment to develop stranded *Gas*, providing fiscal terms that are tailored to the particular economic conditions of the *Project*, establishing those fiscal terms with as much certainty as the Alaska Constitution allows and maximizing the benefits to the people of *Alaska* of the development of stranded *Gas*.

2. *BP*, *CP* and *EM* submitted an application, including a proposed project plan, for development of a fiscal contract under the *SGDA*. On January 23, 2004, the *Commissioner*:

- (a) determined that the proposed *Project* is a qualified project under the *SGDA*;
- (b) determined that *BP*, *CP* and *EM* are qualified sponsors under the *SGDA*; and
- (c) with the concurrence of the *DNR Commissioner*, approved the application and the proposed project plan.

On May 10, 2006, *BP*, *CP* and *EM* submitted a *Project Summary* to the *Commissioner*. The *Project* will be one of the largest private enterprise projects in North American history and may include:

- (i) *Gas Transmission Pipelines*;
- (ii) a *GTP*;
- (iii) the *Mainline*;
- (iv) the *Non-Alaska Project*; or
- (v) an *NGL Plant* located in *Alaska*, *Canada*, or the *Lower 48*.

3. The *State* has found that it is in the public interest to facilitate construction of a *Gas* pipeline to transport *Gas* from the *ANS* to markets in North America. The *Participants* and the *State* are committed to this *Contract* in order to facilitate the construction of a *Gas* pipeline from the *ANS*.

4. The *Participants* and the *Commissioner* have agreed upon mutually acceptable terms and conditions under which the *State* and the *Participants* are willing to enter into this *Contract*.

5. The *Commissioner* has reviewed appropriate information to evaluate and enter into this *Contract* and has determined that:

- (a) the procedural requirements under the *SGDA* for developing and negotiating this *Contract* have all been met;
- (b) the subject *Gas* is “stranded gas” under the *SGDA*; and
- (c) the terms of this *Contract* meet the requirements and advance the purposes of the *SGDA*, are in the long term fiscal interests of the *State* and balance the principles specified in the *SGDA* in developing contract terms that are practicable and consistent with the *State*’s long-term fiscal interests.

6. The *Commissioner* has found that the *Project* will substantially benefit the *State* and the people of *Alaska* by:

- (a) providing significant economic opportunities to the *State*;
- (b) encouraging new investments in *Alaska* to develop the *State's Gas* resources;
- (c) increasing economic opportunities for *Alaska Businesses*;
- (d) creating employment and training opportunities for *Alaska Residents*;
- (e) generating significant *State* revenues over the *Project's* life;
- (f) encouraging exploration and development of new sources of oil and gas within *Alaska*;
- (g) providing *Gas* transportation services; and
- (h) providing opportunities for delivery of *Gas* to domestic and industrial consumers within *Alaska*.

7. The *Parties* share the objectives of:

- (a) providing *Offtake Points*, as described in this *Contract* that could accommodate in-state *Gas* consumption; and
- (b) developing tariffs that could accommodate in-state service on just and reasonable rates, terms and conditions approved by *FERC*.

8. The *Commissioner* has determined that this *Contract* furthers the stated purpose of the *SGDA* of encouraging new investment to develop stranded *Gas* by:

- (a) authorizing establishment of fiscal terms;

- (b) allowing the fiscal terms to be tailored to the particular economic conditions of the *Project*;
- (c) establishing the fiscal terms in advance with as much certainty as the Alaska Constitution allows; and
- (d) maximizing the benefit to the people of *Alaska* of the development of stranded *Gas*.

9. A primary goal of the Governor is that Alaskans who want a job on the *Alaska Project* have an opportunity to obtain one. The *Commissioner* has determined that this *Contract* furthers that goal by providing that each *Midstream Entity*:

- (a) employ *Alaska* residents and contract with *Alaska Businesses* to work on construction and operation of the *Alaska Project* to the extent these residents and businesses are available, competitively priced and qualified;
- (b) advertise for available positions in newspapers and other publications throughout *Alaska*;
- (c) use *Alaska Job Service Organizations* located throughout *Alaska* in order to notify *Alaska* residents of work opportunities available on the *Alaska Project*;
- (d) work with the *State* to plan training opportunities for *Alaska* residents; and
- (e) incorporate substantially similar obligations in agreements with *Contractors*.

10. This *Contract* provides for the *State* to take *Royalty Gas* in kind and *Gas* in lieu of receipt of certain tax payments thereby allowing the *State* to control the disposition of its *Gas* for the benefit of all Alaskans. This *Contract* also provides an opportunity for the *State* to take an

ownership interest in the *Project*, thereby creating an opportunity for the *State* to realize the benefits of direct participation in this critical infrastructure. In addition to the benefits to the *State*, the *State's* taking *Gas* and ownership in the *Project* will reduce *Project* risk, and improve alignment among the *Parties*.

11. Undeveloped *ANS Gas* resources, including *PTU*, together with the known *ANS Gas* resources underpin the *Project*. Specifically, *PTU Gas* resources are essential to anchor the *Project* and achieve the economies of scale consistent with delivering *ANS Gas* to Canadian or United States markets at a competitive cost of supply. The terms of this *Contract* are necessary for *PTU Owners* to commit their *Gas* resources in future *Open Seasons*.

12. Each *Producer* intends, directly or through an *Affiliate*, to acquire firm transportation capacity in an initial *Open Season* or other commercial arrangements to transport and treat its share of stranded *Gas* originating from *Properties*, subject to successful completion of *Project* planning, acceptable *Open Season* terms and conditions, and acceptable business conditions.

13. Because of the immense cost, scope and complexity of the *Project* and the associated risk, the risk must be reduced. Accordingly, consistent with the provisions of this *Contract*, the *Parties* intend to:

- (a) establish binding fiscal and other obligations of the *Project* and the *Participants* to the *State* and to *Political Subdivisions* for the *Term*; and
- (b) provide protections to the *Project* and the *Participants* during the *Term* to ensure the stability and durability of the negotiated terms and conditions.

14. The *Legislature* enacted the *SGDA* and certain amendments to and new *State Laws* to authorize the terms and execution of this *Contract* between the *State* and the *Participants*. By authorizing and executing this *Contract* the *State* finds that the *Project* and this *Contract* are in the public interest and that without this *Contract* a valuable resource might remain undeveloped. Accordingly, the *State* finds that this *Contract* is consistent with the Alaska Constitution and other *State Law* and the *State* intends to be bound by this *Contract* to the full extent allowed by the Alaska Constitution.

15. The *Parties* recognize that there is a relationship between the economic production of oil and gas. In recognition of this relationship and in furtherance of the *Project*, the *State* has determined that it is appropriate to provide economic stability and certainty with respect to oil taxes.

PART A - DEFINITIONS AND DRAFTING CONVENTIONS**ARTICLE 1 - DEFINITIONS**

As used in this *Contract*:

“2005 CPI Ratio” has the meaning provided in Article 36.1(a).

“2006 CPI Ratio” has the meaning provided in Article 36.1(c)(i).

“70% Ratio” has the meaning provided in Article 36.1(c)(ii).

“80% Ratio” has the meaning provided in Article 36.1(b)(ii).

“Actual Cost” means for an *Oil Pipeline* as of the *Valuation Date*, all the actual costs incurred or accrued, regardless of the nature of the items of costs, excluding interest capitalized before or during the period of construction.

“Actual Fixed Payable Tax Payment” has the meaning provided under Article 11.4(c)(i).

“Additional Associated State Gas” has the meaning provided in Article 10.2(a).

“Additional Claim” has the meaning provided in Exhibit C.3(f).

“Additional Gas Notice” has the meaning provided in Article 10.2(b).

“Additional Person” has the meaning provided in Article 31.1(b).

“Administrative Suspension Notice” has the meaning provided in Article 28.2(c).

“Administrative Termination Notice” has the meaning provided in Article 28.1.

“Administrative Termination Period” means the period beginning on the *Effective Date* and ending on the *Day* the *Participants* have spent a cumulative total of one hundred twenty-five million *Dollars* (\$125,000,000) from the capital accounts of one or more *Midstream Entities* formed to plan for, build or operate any part of the *Alaska Project*.

“Administratively Impacted Participant” has the meaning provided in Article 28.2(c).

“Administrator” has the meaning provided in Article 30.7(b).

“AECO Price” means the Alberta Energy Company monthly index of *Gas* price for a *Calendar Month*, expressed in \$/MMBTU, as reported by the Natural Gas Intelligence.

“Affected Participant” has the meaning provided in Article 28.1.

“Affected Party” means a *Party* affected by *Force Majeure*.

“Affiliate” means, with respect to a designated *Person*, any other *Person* that, directly or indirectly, *Controls*, is *Controlled* by, or is under common *Control* with the designated *Person*, where “*Control*” means the possession, directly or indirectly, of:

- (a) more than fifty percent (50%) of the voting rights in a *Person*; or
- (b) the power to direct or cause the direction of the management and policies of a *Person*, through ownership of voting shares, by contract, or otherwise.

“Agreed Fixed Payable Tax Payment” has the meaning provided under Article 11.4(c)(ii).

“Alaska” means the area within the boundaries of the State of Alaska.

“Alaska Business” means a firm or contractor that:

- (a) has held an *Alaska* business license for the preceding twelve (12) *Calendar Months*;
- (b) maintains, and has maintained for the preceding twelve (12) *Calendar Months*, a place of business in *Alaska* that competently and professionally deals in supplies, services, or construction of the nature required for the *Project*; and
- (c) is one of the following:
 - (i) a sole proprietorship of which the proprietor is an *Alaska* resident;
 - (ii) a partnership, and more than fifty percent (50%) of the partnership interest is held by *Alaska* residents;

- (iii) a limited liability company, and more than fifty percent (50%) of the membership interest is held by *Alaska* residents;
- (iv) a corporation that has been incorporated under *State Law* or is authorized to do business in *Alaska*; or
- (v) a joint venture, and a majority of the venturers qualify as *Alaska Businesses* under this definition.

“Alaska Job Service Organizations” means the offices maintained by the *State* and recommended by the State Department of Labor and Workforce Development whose functions are to aid the unemployed or underemployed in finding employment.

“Alaska Project” means the portion of the *Project* located in *Alaska*.

“Alaska Resident” means a *Person* who (a) receives a permanent fund dividend under AS 43.23; or (b) is registered to vote under AS 15 and qualifies for a resident fishing, hunting, or trapping license under AS 16.

“Alaska to Alberta Project” means the portion of the *Project* from the Alaska-Canada border to the *Alberta Hub*.

“Alaska to Alberta Tariff” means the transportation rates, treating fees, and other costs, fees or charges, including fuel and shrinkage, expressed in *\$/MMBTU*, applicable to the delivery of *Gas* from a *Delivery Point* to the *Alberta Hub*.

“Alberta Hub” means the system of pipelines in Alberta, Canada to which the *Alaska to Alberta Project* will connect and from which *Gas* can be transported to markets in Canada and the *Lower 48*.

“Alberta to Lower 48 Project” means the portion of the *Project* that involves the export of *Gas* from the *Alberta Hub* to the *Lower 48*.

“Alcan Element” means a *Gas Transmission Pipeline*, a *GTP*, the *Mainline*, or the *Alaska to Alberta Project*.

“Amount Due” means the *State Net Monetary Obligation* for a *Calendar Month*, together with any accrued *Interest*, as determined in Article 22.

“Annual Barrels Tendered” means:

- (a) the number of *Barrels* of *Unrefined Oil* tendered into an *Oil Pipeline* during a *Calendar Year*, if the total number of days during the *Calendar Year* when the pipeline was operating and transporting *Unrefined Oil* were not less than ninety percent (90%) of the total number of *Days* in that *Calendar Year*, where a day is any portion of a *Day*; or
- (b) the number of *Barrels* of *Unrefined Oil* tendered into an *Oil Pipeline* during that *Calendar Year*, divided by the percentage of the total number of days in that year when the pipeline was operating and transporting *Unrefined Oil*, if this percentage is less than

ninety percent (90%) of the total number of *Days* in that *Calendar Year*, where a day is any portion of a *Day*.

“**ANS**” means the Alaska North Slope, which is the portion of *Alaska* north of sixty-eight degrees (68°) North latitude.

“**Arbitration**” means a dispute resolution proceeding under Exhibit C.3.

“**Assignee**” has the meaning provided in Article 31.1(a).

“**Associated State Gas**” means *State Gas* that is associated with *Producer Gas* of an individual *Producer*.

“**Audit Coordinator**” has the meaning provided in Exhibit B.4(c).

“**Audit Documents**” means the documents, accounts, books, records, or supporting information of a *Participant* or its *Affiliate* for all *Fiscal Obligations*; and, in addition, for a *Payment in Lieu of SCIT*, a pass through entity’s records that are accessible to that *Participant* and have a material effect on the *Payment in Lieu of SCIT*.

“**Audit Exception**” means an audit finding or claim by the *State* under Article 25 and Exhibit B.

“**Audit Notice**” has the meaning provided in Exhibit B.1.

“Audit Period” has the meaning provided in Article 25.2.

“Audit Report” has the meaning provided in Article 25.1.

“Authorization Act” means the *Law* by which the *Legislature* assents to the execution of this *Contract* by the Governor under the *SGDA*.

“Available Royalty Gas” means the *Volume* or *Quantity* of *Royalty Gas* delivered to a *Delivery Point* multiplied by seventy-five hundredths (0.75).

“Average Annual Barrels Tendered” has the meaning provided under Article 17.3.

“Award” has the meaning provided in Exhibit C.14(a).

“Awarded Document” has the meaning provided in Exhibit B.6(b)(iii).

“Badami Unit” means the oil and gas leases subject to the Badami Unit Agreement on January 1, 2005, or as later expanded or contracted.

“Barrel” means forty-two (42) U.S. gallons of a liquid measured at *Standard Conditions*.

“Baseball Arbitration” means an *Arbitration* in which the *Tribunal* may only make an *Award* by

selecting one of the *Final Offers* instead of providing an *Award* based on the *Tribunal's* judgment of the merits of the *Dispute* under this *Contract* and the evidence presented.

“**BCF**” means billion *Cubic Feet*.

“**BCFD**” means one billion (1,000,000,000) *Cubic Feet* per *Day*.

“**BP**” means BP Exploration (Alaska) Inc.

“**BTU**” means a British Thermal Unit, which is the quantity of heat required to raise the temperature of one pound of water one degree (1°) Fahrenheit at a constant pressure of one (1) atmosphere.

“**Business Day**” means a *Day* of the week except for Saturday, Sunday, or a *Day* that is a legal holiday under United States, Canada or *State Law*.

“**Calendar Month**” means twenty-eight (28), twenty-nine (29), thirty (30) or thirty-one (31) consecutive *Days*, as the case may be, starting on the first *Day* of a calendar month.

“**Calendar Year**” means twelve (12) consecutive *Calendar Months* beginning at 12:00:01 A.M. *Alaska* time on the first *Day* of the month of January.

“**Capacity**” means the:

- (a) firm transportation capacity in an *Alcan Element* for *Gas*, including appropriate consideration for fuel and shrinkage, that is acquired through any *Open Season* or from an *Alcan Element* as a replacement shipper for a period of more than one (1) *Calendar Month* for those portions regulated by *FERC* or the appropriate Canadian regulatory agency; or
- (b) access rights under a commercial arrangement for those portions not regulated by *FERC* or the appropriate Canadian regulatory agency.

“*Capacity Notice*” means, for a *Producer* and a *Property*, a *Notice* under Article 10.1(b), or an amended *Capacity Notice* under Articles 10.1(b), 10.2(c), 10.3(g) or 10.6 provided by a *Producer Capacity Holder* to the *State Capacity Holder* that identifies the:

- (a) expected *Producer Gas* and *Associated State Gas*;
- (b) *State Capacity* for which *Capacity* was acquired by that *Producer Capacity Holder* for each *Alcan Element*;
- (c) *Producer Capacity* for which *Capacity* was acquired by that *Producer Capacity Holder* for each *Alcan Element*;
- (d) *In-State Capacity* identified by the *State Capacity Holder* under Article 10.1(a)(ii)(A);
- (e) *Producer Upstream Sales Gas*;
- (f) *State Upstream Sales Gas* identified by the *State Capacity Holder* under Article 10.1(a)(ii)(B);
- (g) duration, terms and conditions applicable to the acquired *Capacity*; and
- (h) *Gas* purchases made or *Excess Property Capacity* released under Article 10.3.

“Capacity Range” has the meaning provided in Article 10.3(a)(ii).

“Capped Tax” means any one of the following *Taxes*:

- (a) a sales or use tax on the purchase or use of goods or services;
- (b) a gravel severance or mining license tax; or
- (c) an excise tax, including a bed or motor fuel tax,

but excluding a *Restricted Tax*.

“Claimant” has the meaning provided in Exhibit C.3(a).

“Colville River Unit” means the oil and gas leases subject to the Colville River Unit Agreement on January 1, 2005, or as later expanded or contracted.

“Commencement of Commercial Operation” means the end of the *Day* that is the in-service date of the *Mainline* designated in a filing under 18 C.F.R. 157.20(c)(2).

“Commissioner” means the commissioner of the *DOR*.

“Confidential Information” means information that is

- (a) reviewed by a *Party* in performing an audit under this *Contract*; or
- (b) marked “confidential” by a providing *Party* and submitted to a receiving *Party* under the terms or in furtherance of this *Contract*,

but does not include:

- (i) *Non-Confidential Information*; or
- (ii) *Project Information* except as provided in Article 29.6.

“Contract” means this fiscal contract between the *State* and the *Participants*.

“Contractor” means a *Person* who has an agreement directly with any *Participant* or its *Affiliates* to provide goods or services for the *Alaska Project*.

“Contractor Fixed Payable ANS Property Tax” means a property tax on property assessed under AS 29.45.080 or AS 43.56.060(c) on a taxable asset that is located within the *ANS* levied on a contractor or subcontractor.

“Conventional Arbitration” means an *Arbitration* in which the *Tribunal* makes its *Award* based on the *Tribunal's* judgment of the merits of the *Dispute* under this *Contract* and the evidence presented.

“CP” means ConocoPhillips Alaska, Inc.

“CPI” means the non-seasonally adjusted Consumer Price Index for All Urban Consumers that is identified by the Bureau of Labor Statistics as CPI-U, U.S. city average, all items and has a base period of 1982-1984 =100 for a particular *Calendar Month*.

“**CPR**” has the meaning provided in Exhibit C.5(c).

“**Cubic Foot**” means one (1) cubic foot of a fluid measured at *Standard Conditions*.

“**Day**” means twenty-four (24) consecutive hours beginning at 12:00:01 A.M. *Alaska* time.

“**Deficiency**” has the meaning provided in Article 37.3.

“**Delivery Point**” means a location where *Gas* is metered for custody transfer either into the first *Midstream Element* or into a pipeline for shipment off a *Property*.

“**Derivative Material**” means all notes, analyses, compilations, studies, summaries, or other material, however documented, containing or based, in whole or in part, on *Confidential Information*.

“**Diligence**” has the meaning provided in Article 5.1.

“**Direct State Midstream Payment**” has the meaning provided in Article 22.2(b)(iii).

“**Direct State Payment**” has the meaning provided in Article 22.1(a)(iii).

“**Disposal Property**” means a *Property* into which *Impurities* are handled or *Disposed*.

“Dispose” or **“Disposed”** means to dispose or inject other than by sale.

“Disposition” has the meaning provided in Article 12.4(b).

“Dispute” means a dispute, matter, controversy or claim between the *State* and a *Participant* arising out of or relating to any of this *Contract’s* Articles or Exhibits, including its interpretation, construction, performance, enforcement, privileges, rights or obligations.

“Disputing Participant” has the meaning provided in Article 5.5(c)(ii).

“Dispute Procedures” has the meaning provided in Exhibit C.1(a).

“DNR” means the Alaska Department of Natural Resources.

“DNR Commissioner” means the commissioner of the *DNR*.

“Document” has the meaning provided in Article 41.2.

“Dollar” and the sign “\$” mean United States dollars.

“DOR” means the Alaska Department of Revenue.

“Duck Island Unit” means the oil and gas leases subject to the Duck Island Unit Agreement on January 1, 2005, or as later expanded or contracted.

“Effective Date” has the meaning provided in Article 3.1.

“Effective Rate” means, for a *Producer Capacity Holder* or a *State Capacity Holder*, the

- (a) *Rate* for a *Facility* regulated by *FERC*;
- (b) *Rate* for a *Facility* regulated by the appropriate Canadian regulatory agency; or
- (c) *Rate* for a private commercial arrangement, if the *Facility* is not regulated by *FERC* or the appropriate Canadian regulatory agency.

“EM” means ExxonMobil Alaska Production Inc.

“Excess Property Capacity” means, for a *Producer*, a *Property* and an *Alcan Element*, the amount by which the sum of *State Takeaway Capability* plus the *Producer Takeaway Capability* exceeds the sum of *Forecast Associated State Gas* plus the *Forecast Producer Gas*.

“Exemption Certificate” has the meaning provided in Article 11.9.

“Expansion Agreement” has the meaning provided in Article 23.2(a).

“Expansion Notice” has the meaning provided in Article 8.7(a).

“Expansion Shipper” has the meaning provided in Article 8.7(a).

“Facility” means equipment and improvements, together with the associated rights to locate the equipment and improvements on the land and to ingress to, and egress from, the land.

“Federal Adjustment” has the meaning provided in Article 25.3(a).

“FERC” means the Federal Energy Regulatory Commission of the United States Department of Energy.

“Final Offer” means an offer to resolve the *Dispute* submitted under Exhibit C.18(b).

“Fiscal Obligations” means the following obligations of each *Participant* to the *State*:

- (a) *Volumes* due to the *State* from individual *Producers* under Articles 12 and 13; and
- (b) monetary payments due and payable to the *State* by individual *Participants* under Articles 11, 12, 13, 14, 15, 16, 17, 18, 19, and 22.

“Fiscal Stability Cap” means the following *Dollar* amounts escalated under Article 36.1(a):

- (a) for any *Calendar Year* before *Commencement of Commercial Operations*:
 - (i) four million *Dollars* (\$4,000,000) for *BP*;
 - (ii) four million *Dollars* (\$4,000,000) for *CP*;
 - (iii) four million *Dollars* (\$4,000,000) for *EM*;
 - (iv) four million *Dollars* (\$4,000,000) for the *Mainline Entity*; and

- (v) four million *Dollars* (\$4,000,000) for all other *Project Entities* combined;
and
- (b) for the *Calendar Year* in which *Commencement of Commercial Operations* occurs
and each *Calendar Year* thereafter:
 - (i) five million *Dollars* (\$5,000,000) for *BP*;
 - (ii) five million *Dollars* (\$5,000,000) for *CP*;
 - (iii) five million *Dollars* (\$5,000,000) for *EM*; and
 - (iv) five million *Dollars* (\$5,000,000) for all *Project Entities* combined.

“Fixed Payable Tax” means any one of the following *Taxes*:

- (a) a *Vessel Tax*;
- (b) a property tax on property assessed under AS 29.45, other than AS 29.45.080, that
is or could be imposed on a taxable asset to the extent it is not used for the *Project* (Non-
Project Real or Personal Property);
- (c) a property tax on property assessed under AS 29.45.080 and AS 43.56.060(c) that
is or could be imposed on a taxable asset to the extent it is not used for the *Project* and
located outside the *ANS* (Non-ANS Exploration Property);
- (d) a property tax on property assessed under AS 29.45.080 and AS 43.56.060(d) that
is or could be imposed on a taxable asset to the extent it is not used for the *Project* and
not located or intended to be located ultimately within the *ANS* (Non-ANS Production
Property); or

(e) a property tax on property assessed under AS 29.45.080 and AS 43.56.060(e) that is or could be imposed on a taxable asset to the extent it is not used for the *Project* (Non-Project Pipeline Property) or is not included under Article 17.2; but excluding a *Restricted Tax*.

“Fixed Payable Tax Increment” has the meaning provided in Article 11.4(a).

“Fixed Royalty” means the portion of royalty, payable as a fixed royalty share or the minimum royalty in the case of a sliding scale royalty.

■

“Force Majeure” means a *Force Majeure Event* that causes the inability to perform an obligation, materially adversely affects the performance of an obligation, or materially adversely affects the ability to satisfy the *Diligence* standard under Article 5.

“Force Majeure Event” means an event, whether foreseen or not, that is beyond the reasonable control of a *Party* and includes:

- (a) acts of God, epidemics, weather related conditions, including lightning, storms, hurricanes, floods, earthquakes or other natural disasters;
- (b) war, riot, civil disturbance, act of terror, or act of a public enemy;
- (c) federal, state, Canadian, or *Political Subdivision Law* or other written directive, with which a *Party* has diligently, as prudent under the circumstances, attempted to comply;
- (d) unreasonable delay or failure to act by a federal, state, Canadian, *Political*

Subdivision or other governmental agency;

(e) inability to secure required federal, state, Canadian, *Political Subdivision* or other governmental agency or aboriginal approvals, permits, or easements if the *Party* seeking relief has diligently sought, as prudent under the circumstances the approval, permit, or easement;

(f) any judicial acts or restraints;

(g) unavoidable accidents, equipment failure, breakage, fire, explosion, or other damage or malfunction; uncontrollable delays in transportation; or inability to obtain necessary material in the open market for delivery of those materials to the site of use; or

(h) labor disputes and lockouts.

“Forecast Associated State Gas” means, for a *Producer*, a *Property* and an *Alcan Element*, the *Volume* or *Quantity* of *Associated State Gas* forecast by the *Property’s* operator for delivery in the following *Calendar Month*, without any consideration of the applicable *GBA* adjustments or reduction for *Gas Recoupment* under Article 22.1(d).

“Forecast Producer Gas” means, for a *Producer*, a *Property* and an *Alcan Element*, the *Volume* or *Quantity* of *Producer Gas* forecast by the *Property’s* operator for delivery in the following *Calendar Month*, without any consideration of the applicable *GBA* adjustments or increase for *Gas Recoupment* under Article 22.1(d).

“Forecast Ratio” means, for a *Producer*, a *Property* and an *Alcan Element*, a ratio:

(a) the numerator of which is the *Forecast Associated State Gas*; and

(b) the denominator of which is the sum of the *Forecast Associated State Gas* plus the *Forecast Producer Gas*.

“**Gas**” means a mixture of hydrocarbons and *Impurities* in the gaseous phase.

“**Gas Recoupment**” has the meaning provided in Article 22.1(d).

“**Gas Recoupment Volume**” has the meaning provided in Article 22.1(h).

“**Gas Transmission Pipeline**” means a pipeline *Facility* designed to transport *Gas* from *Upstream Facilities* to the *GTP* or *Mainline*.

“**GBA**” means a *Gas* balancing agreement.

“**GTP**” means a *Gas* treatment plant *Facility*, located on the *ANS*, designed to condition and compress *Gas* and remove certain *Impurities* before delivery into the *Mainline*.

“**GTP Entity**” has the meaning provided under Article 8.5(a).

“**Heating Value**” means the average gross number of *BTUs* evolved by the complete combustion, at constant pressure, of one (1) *Cubic Foot* of *Gas* with air, expressed in *MMBTU/MCF*.

“Hydrocarbon Liquids” means a hydrocarbon mixture in the liquid phase, including crude petroleum oil and liquid hydrocarbons recovered or extracted from *Gas*, but excluding *NGLs*.

“Impact Payments” has the meaning provided in Article 18.1.

“Impacted Participant” has the meaning provided in Article 5.5(c)(iii).

“Impurity” means a non-hydrocarbon substance contained in or removed from *Gas*, including carbon dioxide, hydrogen sulfide, helium, mercury, water vapor, and, when removed from *Gas*, trace amounts of hydrocarbons.

“Impurity Disposal Fee” means the fee charged by *Working Interest* owners of a *Disposal Property* to *Dispose* of *Impurities* each time they are *Disposed*.

“Incremental Royalty” means the portion of royalty payable as a sliding scale royalty, supplemental royalty, or net profit share that is in addition to the *Fixed Royalty*.

“Initial Impact Payment Date” has the meaning provided in Article 18.1(a).

“Inlet Point” means:

- (a) for a *Gas Transmission Pipeline*, the connection at which *Gas* enters that *Gas Transmission Pipeline* from a *Property* or another *Gas Transmission Pipeline*;

(b) for an *Oil Pipeline*, a connection at which *Unrefined Oil* enters that *Oil Pipeline* from a *Property* or another *Oil Pipeline*.

“Inlet Point Contribution” means:

(a) for a *Gas Transmission Pipeline*, the *Volume of Gas*; and

(b) for an *Oil Pipeline*, the *Barrels of Unrefined Oil*

measured at the meter at the *Inlet Point*, multiplied by the *Segment Length*.

“In-State Capacity” means the *Capacity* to transport or treat *In-State Gas*.

“In-State Gas” means the portion of *Associated State Gas* originating from the *Prudhoe Bay Unit* that the *State Capacity Holder* uses for delivery in *Alaska*.

“Interest” means the amount calculated using the rate and method defined in Article 36.2.

“Judicial Challenge” has the meaning provided in Article 27.1.

“Judicial Suspension Notice” has the meaning provided in Article 27.1(b).

“Judicially Impacted Participant” has the meaning provided in Article 27.1(b).

“Kuparuk River Unit” means the oil and gas leases subject to the Kuparuk River Unit Agreement on January 1, 2005, or as later expanded or contracted.

“Labor Department” has the meaning provided in Article 6.3.

“Law” means a constitution, statute, ordinance, tariff, convention, treaty, regulation, rule, order, or court rule or decision.

“Legislature” means the legislature of the State of Alaska.

“LIBOR” has the meaning provided in Article 36.2.

“Loss” means any liability, loss, damages (including consequential, incidental, lost profits, special, or punitive damages), demand, claim, settlement payment, cost, expense (including any litigation expense), interest, award, judgment, diminution in value, fine, fee, and penalty, or other charge.

“Lower 48” means the lower forty-eight (48) contiguous states of the continental United States.

“Mainline” means the large diameter pipeline that is routed generally along the *TAPS* pipeline and the Alaska Canada Highway, compressor stations and related *Facilities*, including any additions, improvements, expansions, extensions or renewals or replacements to the pipeline, compressor stations or related *Facilities*, designed to transport *Gas* from the *ANS* to *Offtake Points* and to connect with the *Non-Alaska Project*.

“Mainline Entity” means the *Project Entity* formed to own the *Mainline*.

“MCF” means one thousand (1,000) *Cubic Feet* of *Gas*.

“Measurement” has the meaning provided in Article 24.1(a).

“Midstream Amount Due” means the *State Net Midstream Monetary Obligation* for a *Calendar Month*, together with any accrued *Interest*, as determined in Article 22.2(d).

“Midstream Element” means a *Gas Transmission Pipeline*, a *GTP*, the *Mainline* or an *NGL Plant* if located in *Alaska*.

“Midstream Entity” means a *Project Entity* formed to own one or more of the *Midstream Elements*.

“Midstream Entity Monetary Obligation” has the meaning provided in Article 22.2(b)(i).

“Midstream Entity Net Midstream Monetary Obligation” has the meaning provided in Article 22.2(c).

“Midstream Entity Transferee” means a *Producer*, an *Affiliate* of a *Producer*, or a member or shareholder of a *Midstream Entity*.

“Midstream Payment” has the meaning provided in Article 16.1.

“Midstream Statement” has the meaning provided in Exhibit A.6.

“Mill Rate Ratio” means, for a *Political Subdivision*, a ratio:

- (a) the numerator of which is the lesser of:
 - (i) the prevailing mill rate for that *Political Subdivision*; or
 - (ii) twenty (20) mills; and
- (b) the denominator of which is twenty (20) mills.

“Milne Point Unit” means the oil and gas leases subject to the Milne Point Unit Agreement on January 1, 2005, or as later expanded or contracted.

“Minor Imbalances” has the meaning provided in Article 10.5.

“MMBTU” means one million (1,000,000) *BTUs*.

“MMCF” means one thousand (1,000) MCF.

“MMCFD” means *MMCF per Day*.

“Multi-Participant Dispute” means a *Dispute* as determined under Exhibit C.3(h).

“**NEB**” means the National Energy Board of Canada.

“**Net Midstream Monetary Obligation**” has the meaning provided in Article 22.2(b)(iv).

“**Net Monetary Obligation**” has the meaning provided in Article 22.1(a)(iv).

“**NGL Plant**” means a *Facility* located downstream of a *Delivery Point* designed to process and extract liquid hydrocarbons from *Gas*.

“**NGLs**” means the liquid hydrocarbons recovered or extracted from *Gas* at an *NGL Plant*.

“**Non-Alaska Project**” means, collectively, the *Alaska to Alberta Project* and the *Alberta to Lower 48 Project*.

“**Non-Confidential Information**” includes information that the receiving *Party* demonstrates:

- (a) was or becomes generally publicly available other than as a result of a disclosure by the receiving *Party* or any of its *Representatives* in violation of this *Contract*;
- (b) is in the lawful possession of the receiving *Party* or any of its *Representatives* before its disclosure to the receiving *Party*;
- (c) was or becomes available to the receiving *Party* or any of its *Representatives* on a non-confidential basis from a third party that is not bound by a similar duty of confidentiality; or

(d) is *State* statistics and reports so classified as to prevent the disclosure of particular *Confidential Information*, including:

- (i) *Volume of Royalty Gas* and *Tax Gas* by field; or
- (ii) aggregate fiscal payments.

“Northstar Unit” means the oil and gas leases subject to the Northstar Unit Agreement on January 1, 2005, or as later expanded or contracted.

“Notice” means a notice, waiver, consent, request, demand, instruction, approval, or other communication given under this *Contract* as provided in Article 30.

“Notice of Additional Property” has the meaning provided in Article 31.4(c).

“Notice of Arbitration” has the meaning provided in Exhibit C.3(a).

“Notice of Decision” has the meaning provided in Article 29.6(a).

“Notice of Dispute” has the meaning provided in Exhibit C.2(a).

“Notice of Force Majeure” has the meaning provided in Article 35.2(a).

“NPRA Transmission Line” has the meaning provided in Article 7.2(c).

“Offtake Point” means a connection location, consisting of necessary valves, flanges and fittings, where *Gas* flows out of a *Midstream Element*, except for a location where *Gas* flows from one *Midstream Element* into another *Midstream Element* or into the *Alaska to Alberta Project*.

“Oil Pipeline” means a pipeline in *Alaska* under construction, built or operated for the purpose of transporting *Unrefined Oil*, including:

- (a) a marine terminal or associated facilities used or committed for use in:
 - (i) loading or otherwise delivering into waterborne vessels for shipment, *Hydrocarbon Liquids* transported by a pipeline described in (b) of this definition, or
 - (ii) temporarily storing *Hydrocarbon Liquids* until they can be loaded or otherwise delivered into waterborne vessels for shipment; and
- (b) pumps, pump stations, tanks, compressors, compressor stations or other facilities, fuel lines, equipment, vehicles or supplies used or committed for use in the operation, spill response, repair or maintenance of a pipeline, terminal or facilities associated with a pipeline or terminal described in (a) of this definition, and including waterborne vessels used in spill response for the Valdez Marine Terminal that were valued as part of *TAPS* as of October 1, 2005,

but excluding any pipelines and related facilities and equipment that are *Upstream Facilities*.

“Oil Pipeline Ownership Interest” means the percentage ownership share that a *Participant* holds in an *Oil Pipeline*, directly or indirectly, without regard to whether the entity owning the *Oil Pipeline* is an *Affiliate* of the *Participant*.

“Open Season” means a *FERC* pre-subscription or open season, or a corresponding process on a Canadian regulated pipeline that is conducted in accordance with the rules and regulations in effect, including the offering of a cost-of-service rate, if required.

“Order” has the meaning provided in Article 27.1(b).

“Other Tax” means a *Tax* levied on a *Participant*, except a:

- (a) *Fixed Payable Tax*;
- (b) *Restricted Tax*;
- (c) *Reimbursable Property Tax*;
- (d) *Capped Tax*; or
- (e) *Targeted Tax*.

“Outer Continental Shelf” means the submerged lands, subsoil, and seabed, lying between the seaward extent of the *State’s* jurisdiction and the seaward extent of federal jurisdiction.

“Outlet Point” means:

- (a) for a *Gas Transmission Pipeline*, the connection at which *Gas* leaves a *Gas Transmission Pipeline* to a *GTP*, the *Mainline*, or another *Gas Transmission Pipeline*; and
- (b) for an *Oil Pipeline*, the connection at which *Unrefined Oil* leaves an *Oil Pipeline* to *TAPS* or another *Oil Pipeline*.

“Participant” means *BP*, *CP*, *EM*, *Assignees*, or any other *Person* added under Article 31, excluding the *State* and its *Affiliates*, except that the *State* or its *Affiliates* may hold an interest in a *Participant*.

“Participant’s Interests” has the meaning provided in Article 11.1(a)(ii).

“Parties” means the *State* and all *Participants*.

“Parties to the Dispute” means, collectively, the *Claimant*, *Respondent* and any *Participant* certified as a *Party* to a *Multi-Participant Dispute*.

“Party” means the *State* or each individual *Participant*.

“Party to the Dispute” means, individually, the *Claimant*, the *Respondent*, or any *Participant* certified as a *Party* to a *Multi-Participant Dispute*.

“Payment Date” means the last *Business Day* before the end of the *Calendar Month* in which an obligation is reported.

“Payment in Lieu of SCIT” has the meaning provided in Article 19.1.

“Person” means a natural person, trust, estate, government, partnership, joint venture, corporation, association, society, limited liability company, firm, or any other entity having an independent legal existence including the *State* or any *Political Subdivision*.

“POD” has the meaning provided in Article 23.2(c).

“Political Subdivision” means a municipality, borough, city or other local government unit of the State of Alaska existing on or after October 1, 2005, and granted the power under the *Alaska* Constitution to impose *Taxes*.

“Political Subdivision Allocation” means:

- (a) for the *Mainline*, the miles of pipeline to the nearest tenth (0.1) of a mile within a *Political Subdivision* multiplied by its *Mill Rate Ratio*;
- (b) for a *Gas Transmission Pipeline*, the miles of *Segment Length* for that *Gas Transmission Pipeline* within a *Political Subdivision* multiplied by its *Mill Rate Ratio*;
- (c) for an *Oil Pipeline* other than *TAPS*, the miles of pipeline for that *Oil Pipeline* within a *Political Subdivision* multiplied by its *Mill Rate Ratio*; and

- (d) for *TAPS*, the *TAPS Investment* within that *Political Subdivision* multiplied by its *Mill Rate Ratio*.

“Political Subdivision Ratio” means a ratio as follows:

- (a) for the *Mainline Entity*,
- (i) the numerator of which is the *Political Subdivision Allocation* for the *Mainline* for a *Political Subdivision*; and
 - (ii) the denominator of which is the total miles of pipeline for the *Mainline* within *Political Subdivisions* as incorporated on October 1, 2005, plus one-hundred eighty-six (186) miles;
- (b) for a *Project Entity* owning a *Gas Transmission Pipeline*,
- (i) the numerator of which is the *Political Subdivision Allocation* for that *Gas Transmission Pipeline* for a *Political Subdivision*; and
 - (ii) the denominator of which is the total miles of *Segment Length* in *Alaska* for that *Gas Transmission Pipeline*;
- (c) for an *Oil Pipeline* other than *TAPS* in which a *Participant* or its *Affiliate* have an *Oil Pipeline Ownership Interest*,
- (i) the numerator of which is the *Political Subdivision Allocation* for that *Oil Pipeline* for a *Political Subdivision*; and
 - (ii) the denominator of which is the total miles of pipeline in *Alaska* for that *Oil Pipeline*; and
- (d) for each *Participant* or its *Affiliate* having an *Oil Pipeline Ownership Interest* in *TAPS*,

- (i) the numerator of which is the *Political Subdivision Allocation* for that *Oil Pipeline* for a *Political Subdivision*; and
- (ii) the denominator of which is the total *TAPS Investment*.

“Political Subdivision Tax” has the meaning provided in Article 11.12(b).

“Proceeding” has the meaning provided in Article 26.2.

“Producer” means *BP*, *CP*, or *EM* and their respective *Assignees* under Article 31 in their capacity as a *Working Interest* owner of a *Property*.

“Producer Capacity” means *Capacity* to transport or treat *Producer Gas*.

“Producer Capacity Holder” means an *Affiliate* of a *Producer* that holds or will hold *Capacity* on behalf of that *Producer*.

“Producer Gas” means a *Producer’s* share of *Royalty Bearing Gas* and *Tax Bearing Gas*.

“Producer Monetary Obligation” has the meaning provided in Article 22.1(a)(i).

“Producer Net Monetary Obligation” has the meaning provided in Article 22.1(b).

“Producer Portion” has the meaning provided in Article 10.3(a)(ii).

“Producer Put Capacity” means for a *Producer*, a *Property* and an *Alcan Element*, the result obtained by multiplying:

- (a) the greater of:
 - (i) the *Forecast Ratio* minus the *Takeaway Ratio*; and
 - (ii) zero; by
- (b) the sum of the *State Takeaway Capability* plus the *Producer Takeaway Capability*.

“Producer Statement” has the meaning provided in Exhibit A.4.

“Producer Takeaway Capability” means, for a *Producer*, a *Property* and an *Alcan Element*, the sum of the *Volume* or *Quantity* of *Producer Capacity*, plus the *Producer Upstream Sales Gas*, as identified in the most recently amended *Capacity Notice*.

“Producer Transferee” means:

- (a) an *Affiliate* of a *Producer*;
- (b) a *Midstream Entity*; or
- (c) another *Producer* or its *Affiliate*,

but excluding a member of a *Midstream Entity*.

“Producer Upstream Sales Gas” means the *Gas* from a *Property* sold upstream of an *Alcan Element*, including any associated fuel and shrinkage, by a *Producer* or its *Affiliate* to a non-*Affiliated Person*.

“Project” means the *Project* described in Article 4, as amended from time to time, and replacements or improvements to the *Project*.

“Project Entity” means a *Person* formed to own one or more of the *Midstream Elements* or a portion of the *Non-Alaska Project*.

“Project Information” means the following information:

- (a) updates to *Project Summaries* under Article 5; and
- (b) advertisements for available positions under Article 6.

“Project Sanction” means the first *Day* on which:

- (a) both *FERC* and *NEB* have issued certificates of public convenience and necessity;
and
- (b) the *Mainline Entity* has given *Notice* to the other *Parties* of its decision to proceed with construction of its portion of the *Project*.

“Project Summary” means the summary described in Article 5.4.

“Property” means an *ANS* lease or *Unit* described in Exhibit D or added to Exhibit D under Article 31.4.

“Proration Factor” means:

- (a) for a *Political Subdivision* as incorporated on October 1, 2005, one hundred percent (100%); or
- (b) for a *Political Subdivision* incorporated after October 1, 2005, or for annexations occurring after October 1, 2005, the lesser of one hundred percent (100%) or a ratio
 - (i) the numerator of which is the sum of:
 - (A) the *Political Subdivision Allocation* for all *Political Subdivisions* incorporated after October 1, 2005;
 - (B) the *Political Subdivision Allocation* for all annexations occurring after October 1, 2005;
 - (C) four hundred fifty (450) less the total *Political Subdivision Allocation* for the *Mainline* within all *Political Subdivisions*; and
 - (ii) the denominator of which is the sum of:
 - (A) the *Political Subdivision Allocation* for all *Political Subdivisions* incorporated after October 1, 2005; and
 - (B) the *Political Subdivision Allocation* for all annexations occurring after October 1, 2005.

“Prudhoe Bay Unit” means the oil and gas leases subject to the Prudhoe Bay Unit Agreement on January 1, 2005, or as later expanded or contracted.

“**PTU**” means the Point Thomson Unit, which consists of oil and gas leases subject to the *PTUA* on January 1, 2005, or as later expanded or contracted.

“**PTUA**” means the Point Thomson Unit Agreement.

“**PTU Gas**” means *Royalty Bearing Gas* originating from the *PTU*.

“**PTU Owners**” means the *PTU Working Interest* owners.

“**Purchase Range**” has the meaning provided in Article 10.3(a)(i).

“**Qualified Project Plan**” means the “Proposed Project Plan” described in section 5 of the “Amended Application for Development of a Contract under AS 43.82, the Stranded Gas Development Act” submitted by *BP*, *CP* and *EM* on January 20, 2004, and approved by the *Commissioner* on January 23, 2004, as may be amended under Article 5.3.

“**Qualified Sponsor Group**” means a group of *Persons* that either:

- (a) owns or intends to own an equity interest in the *Project*;
- (b) intends to commit *Gas* that it owns to the *Project*; or
- (c) holds the permits that the *State* determines are essential to construct and operate the *Project*; and which group of *Persons* also meets one or more of the following criteria:

- (i) owns a *Working Interest* in at least ten percent (10%) of the stranded *Gas* proposed to be developed by the *Project*;
- (ii) has the right to purchase at least ten percent (10%) of the stranded *Gas* proposed to be developed by the *Project*;
- (iii) has the right to acquire, control, or market at least ten percent (10%) of the stranded *Gas* proposed to be developed by the *Project*;
- (iv) has a net worth equal to at least ten percent (10%) of the estimated cost of constructing the *Project*; or
- (v) has an unused line of credit equal to at least fifteen percent (15%) of the estimated cost of constructing the *Project*.

“Quantity” means the number of *BTUs*, expressed in *MMBTU*, determined by multiplying a specified *Volume* of *Gas* by the *Heating Value* of that *Gas*.

“Rate” means any cost or expense paid to use or reserve *Capacity*, including demand charges, commodity charges, surcharges and any other type of charge assessed.

“Ratio Notice” has the meaning provided in Article 10.4(a).

“RCA” has the meaning provided in Article 8.3.

“RCA Jurisdiction” has the meaning provided in Article 8.3.

“Reimbursable Property Tax” means a *Tax* that is levied on a taxable asset leased for at least nine (9) consecutive months, owned, or intended to be owned by a *Participant* or its *Affiliates* and that is:

- (a) a property tax on property assessed under AS 29.45, other than AS 29.45.080, that is or could be imposed on a taxable asset to the extent the property is used for the *Project* (Project Real or Personal Property);
- (b) a property tax on property assessed under AS 29.45.080 and AS 43.56.060(c) that is or could be imposed on a taxable asset that is located within the *ANS*, paid directly by a *Participant* (ANS Exploration Property);
- (c) a property tax on property assessed under AS 29.45.080 and AS 43.56.060(d) that is or could be imposed on a taxable asset that is located outside the *ANS*, and intended to be located ultimately within the *ANS* (In-Transit ANS Production Property); or
- (d) after *Commencement of Commercial Operations*, a property tax on property assessed under AS 29.45.080 and AS 43.56.060(e) that is or could be imposed on a taxable asset that is not located in a *Political Subdivision* in which the *Mainline* is located, to the extent the property is used ultimately for the *Project* (In-Transit Project Pipeline Property),

but excluding a *Restricted Tax*.

“Reinstatement Date” means the date of the initial delivery of *PTU Gas* into a *Midstream Element*, excluding deliveries of *PTU Gas* for line pack.

“Report Date” means the last *Business Day* of the *Calendar Month*.

“Representative” includes the Governor of Alaska or a *Party’s* director, officer, employee, agent, consultant, advisor, contractor, or outside counsel.

“Requesting Participant” means a *Participant* requesting certification that a *Dispute* under Exhibit C.3(h) is a *Multi-Participant Dispute*.

“Resolution Meeting” has the meaning provided in Exhibit C.2(c).

“Resolution Period” has the meaning provided in Exhibit B.12(a).

“Respondent” has the meaning provided in Exhibit C.3(a).

“Response” has the meaning provided in Exhibit C.3(c).

“Restricted Tax” means a *Tax*:

- (a) levied on the items described in AS 43.55.017 or AS 43.56.020, as they read and were applied on October 1, 2005;
- (b) described in AS 43.56.030 or AS 29.45.810, as they read and were applied on October 1, 2005; or
- (c) that has been replaced by *Impact Payments* or by a payment in lieu of *Tax* under this *Contract*, including on or before *Commencement of Commercial Operations*, a property tax on property assessed under AS 29.45.080 and AS 43.56.060(e) that is or

could be imposed on a taxable asset, to the extent the property is used ultimately for the *Project* (Pre-Startup Project Pipeline Property).

“Resumption Date” has the meaning provided in Article 23.4(b).

“Royalty” or ***“Royalties”*** means an interest in *Gas* production payable, either in kind or value, in favor of the *State* from a *Property*, whether payable as a *Fixed Royalty* or *Incremental Royalty*.

“Royalty Bearing Gas” means the *Quantity* or *Volume of Gas* originating from a *Producer’s Property* that is subject to a *Royalty*.

“Royalty Gas” means the *Quantity* or *Volume of Royalty Bearing Gas* that the *State* is required to take in kind as its *Fixed Royalty*.

“Royalty Payments” has the meaning provided in Article 12.1(a).

“Sales Recoupment” has the meaning provided in Article 22.1(d).

“SCIT” means any tax imposed on or measured by net income including any taxes imposed on or measured by an amount arrived at by deducting expenses from gross income, one or more forms of which expenses are not specifically or directly related to particular transactions, including the taxes imposed under AS 43.19 – 43.20.

“SCIT Calendar Year” means twelve (12) consecutive *Calendar Months* beginning on the first *Day* of the month of January or, if applicable for *Payment in Lieu of SCIT* under Article 19, Article 25, and Exhibit B, a fiscal tax year.

“Seasonal Variability Capacity” means additional capacity, beyond *Capacity*, available to holders of *Capacity* under an *Alcan Element’s* tariff.

“Seasonal Variability Gas” means the *Gas* that can be transported on an *Alcan Element* using *Seasonal Variability Capacity*.

“Segment Length” means the length of pipe for a *Gas Transmission Pipeline* or an *Oil Pipeline* between a particular *Inlet Point* and the *Outlet Point* measured to the nearest one-tenth (0.1) of one mile.

“Senior Executive” has the meaning provided in Exhibit C.2(c).

“Settlement Agreement” has the meaning provided in Article 11.4(a)(i)(B).

“SGDA” means the Stranded Gas Development Act, AS 43.82.010 - .990, as of the date the *Authorization Act* becomes *Law*.

“Shippers” has the meaning provided in Article 8.1(a)(ii).

“Standard Conditions” means the standard pressure and temperature conditions used by the *Project Entity* or *Person* responsible for making a measurement, consistent with *Law*, or if no one is responsible, then a standard pressure condition of 14.65 pounds per square inch absolute and a standard temperature condition of sixty degrees (60°) Fahrenheit.

“State” means the *Alaska* government, but excluding its judiciary and any independent or quasi-judicial regulatory agency, such as the Regulatory Commission of Alaska or the Alaska Oil and Gas Conservation Commission.

“State Capacity” means the *Capacity* to transport or treat *State Export Gas*.

“State Capacity Holder” means a *State* entity that holds or will hold *Capacity* on behalf of the *State*.

“State Capacity Share” means, for a *Producer*, a *Property* and an *Alcan Element*, a ratio:

- (a) the numerator of which is the *State Capacity* as shown on a *Capacity Notice*; and
- (b) the denominator of which is the sum of that *Producer’s Capacity* plus the *State Capacity* shown on the *Capacity Notice*.

“State Export Gas” means *Associated State Gas*, less the *Volume* or *Quantity* of *In-State Gas* and *State Upstream Sales Gas*.

“State Gas” means *Royalty Gas* plus *Tax Gas*.

“State Midstream Monetary Obligation” has the meaning provided in Article 22.2(b)(ii).

“State Monetary Obligation” has the meaning provided in Article 22.1(a)(ii).

“State Net Midstream Monetary Obligation” has the meaning provided in Article 22.2(d).

“State Net Monetary Obligation” has the meaning provided in Article 22.1(c).

“State Project Indebtedness” means the entire amount of indebtedness incurred by the *State* or the *State* member in a *Midstream Entity* to finance its equity interest in the *Project* for the *Project* scope determined at *Project Sanction* provided:

- (a) the indebtedness is incurred no later than one (1) year after *Commencement of Commercial Operations*; and
- (b) a refinancing of the indebtedness described in (a) of this definition does not increase the then remaining principal amount or extend the term.

“State Put Capacity” means, for a *Producer*, a *Property* and an *Alcan Element*, the result obtained by multiplying:

- (a) the greater of
 - (i) the *Takeaway Ratio* minus the *Forecast Ratio*; and
 - (ii) zero; by

(b) the sum of the *State Takeaway Capability* plus the *Producer Takeaway Capability*.

“*State Shortage*” has the meaning provided in Article 10.2(a).

“*State Takeaway Capability*” means, for a *Producer*, a *Property* and an *Alcan Element*, the sum of the *Volume* or *Quantity* of *State Capacity* and *In-State Capacity*, plus the *State Upstream Sales Gas* as identified in the most recently amended *Capacity Notice*.

“*State Upstream Sales Gas*” means *Associated State Gas* sold upstream of an *Alcan Element*, including any associated fuel and shrinkage, by the *State* to either:

- (a) a *Producer Capacity Holder* under Article 10.2(a)(v)(A); or
- (b) a non-*Affiliated Person* before the end of an *Open Season* as provided on the *Capacity Notice* in Article 10.1(a)(ii)(B).

“*Subcontractor*” means a *Person* who has an agreement directly with a *Contractor* or other *Subcontractor* to supply goods or services for the *Alaska Project*.

“*Superior Court*” has the meaning provided in Article 26.2.

“*Suspension Notice*” has the meaning provided in Article 5.5(c)(iii).

“Suspension Period” means the period of the *State’s* suspension of *PTU* obligations as described in Article 23.2.

“Takeaway Ratio” means, for a *Producer*, a *Property* and an *Alcan Element*, a ratio

- (a) the numerator of which is the *State Takeaway Capability*; and
- (b) the denominator of which is the sum of the *State Takeaway Capability* plus *Producer Takeaway Capability*.

“TAPS” means the Trans Alaska Pipeline System.

“TAPS Investment” means the investment amounts reported to the *Commissioner* under Exhibit G.2(d).

“Targeted Tax” means a *Tax* that would otherwise meet the definition of a *Capped Tax* except that it is enacted or changed after October 1, 2005 and results in or is expected to result in combined total payments by:

- (a) the *Participants* and *Affiliates* on their oil and gas related business activity in *Alaska*; and
- (b) contractors and subcontractors on their business activity related to the *Project* or *Properties*,

in excess of twenty percent (20%) of the total or expected total amount of the *Tax* in any *Calendar Year*.

“*Tax*” means:

- (a) a tax, levy, impost, fee, license, special assessment, charge, surtax, or surcharge;
- (b) a franchise, sales, use, excise, value-added, privilege, or transfer tax; or
- (c) any other government-created mandatory payment that is or could be imposed by the *State* or *Political Subdivisions* under any *Law*, or the people of *Alaska* under AS 15.45 or any other *Law*,

including:

- (i) an oil and gas production tax and surcharge under AS 43.55 or any other tax on the development, extraction, or production of natural resources or on reserves or resources in place except for any obligation to pay production tax on behalf of a private royalty owner;
- (ii) an oil and gas exploration, production and pipeline transportation property tax under AS 43.56;
- (iii) a *SCIT* or any other tax that is based on or measured by gross or net income;
- (iv) a municipal sales and use tax under AS 29.45.650 - 29.45.710 or any other sales and use tax;
- (v) a municipal property tax under AS 29.45.010 - 29.45.250 or 29.45.550 - 29.45.600 or any other ad valorem or property tax; or
- (vi) a municipal special assessment under AS 29.46 or any other special assessment;

but excluding:

- (A) civil or criminal fines or penalties generally applicable to *Persons* in *Alaska*; and
- (B) reasonable, customary, and non-discriminatory fees generally applicable to *Persons* in *Alaska* to reimburse the *State* or a *Political Subdivision* for its costs of

providing specific goods or services to the public or commercial enterprises.

“Tax Bearing Gas” means the *Quantity* or *Volume* of *Gas* originating from a *Producer’s Property* that is delivered to a *Delivery Point* after subtracting:

- (a) *Royalty Gas*;
- (b) the *Quantity* or *Volume* of *Gas* equal to the royalty due on private and federal leases in *Alaska*; and
- (c) the *Quantity* or *Volume* of all *Gas* originating from federal leases in the *Outer Continental Shelf*.

“Tax Bearing Gas Payment” has the meaning provided in Article 13.1(a).

“Tax Bearing Gas Percentage” has the meaning provided in Article 13.3 and Article 13.4.

“Tax Bearing Gas Price” means the price determined in Article 13.5.

“Tax Bearing Gas Value” means the amount calculated in Article 13.3(a).

“Tax Gas” means the *Quantity* or *Volume* of *Tax Bearing Gas* that the *State* receives under Article 13.6.

“Term” has the meaning provided in Article 3.2.

“Terminating Participant” has the meaning provided in Article 27.3(b)(i).

“Termination Notice” has the meaning provided in Article 5.5(c).

“Theoretical Royalty Volume” has the meaning provided in Article 12.1(b)(iii).

“Theoretical Tax Volume” has the meaning provided in Article 13.1(b)(ii).

“Third Party Volumes” has the meaning provided in Article 15.7(b)(i).

“Total Capped Taxes” means the cumulative total amount of *Capped Taxes* imposed by the *State* and all *Political Subdivisions* in a *Calendar Year*.

“Transaction Notice” has the meaning provided in Article 10.3(b).

“Tribunal” means the panel of arbitrators described in Exhibit C.5(a).

“UCA” has the meaning provided in Article 20.1.

“Uniform Upstream Fiscal Contract Act” has the meaning provided in Article 31.4(b)(iii).

“Unit” means a collection of leases subject to an approved *State*, federal, or joint *State* and federal unit agreement in which a *Producer* holds an interest.

“Unitary Business” has the meaning established under *Law* in the context of state income taxation of interstate or international businesses.

“Unrefined Oil” means *Hydrocarbon Liquids* delivered and metered into an *Oil Pipeline* at an *Inlet Point* that have not been previously delivered and metered into that *Oil Pipeline*.

“Upstream Facilities” includes:

- (a) a *Facility* in *Alaska* used by a *Producer* upstream of a location where *Gas* or *Hydrocarbon Liquids* are metered for custody transfer either into the first *Midstream Element* or into a pipeline for shipment off a *Property* designed to develop, produce, gather, process, handle or treat *Gas*, or *Hydrocarbon Liquids*, or by-products associated with that *Gas* or *Hydrocarbon Liquids*, or
- (b) a pipeline built or operated for the purpose of transporting fuel, water, or other fluids to or from a *Unit* or lease,

but excludes an *Oil Pipeline* under Article 17.2.

“Upstream Facilities Gas Payment” has the meaning provided in Article 15.2.

■

“Upstream Facilities Oil Payment” has the meaning provided in Article 15.1.

“Upstream Gas Production Ratio” means, for a *Political Subdivision* and a *Property*, a ratio:

- (a) the numerator of which is the *Volume* originating from that *Property* within that *Political Subdivision*; and
- (b) the denominator of which is the *Volume* originating from that *Property* within all *Political Subdivisions*.

“Upstream Oil Production Ratio” means, for a *Political Subdivision* and a *Property*, a ratio:

- (a) the numerator of which is the *Barrels of Hydrocarbon Liquids* originating from that *Property* within that *Political Subdivision*; and
- (b) the denominator of which is the *Barrels of Hydrocarbon Liquids* originating from that *Property* within all *Political Subdivisions*.

“Valuation Date” means January 1 of a *Calendar Year*.

“Vessel Tax” means a property tax on property assessed under Valdez Municipal Code Section 3.12.020 and apportioned under City of Valdez Resolution 00-15 as applied to tankers or vessels under contract to the Ship Escort and Response Vessel System.

“Volume” means an amount of *Gas*, in *Cubic Feet*, expressed in *MCF*.

“Withdrawing Participant” means a *Participant* that withdraws under Article 31.5 or Article 31.6.

“*Working Interest*” means an ownership interest in a *Property* granted by a lease, operating agreement, fee title or otherwise under which the owner of the interest has the right to drill for, develop and produce oil and gas, and the obligation to pay, either in cash or out of production or otherwise, a portion of the expenses.

ARTICLE 2 - DRAFTING CONVENTIONS

The following drafting conventions are used in this *Contract*:

2.1 **Italicized and non-Italicized Words and Phrases.**

(a) If a word or phrase is intended to convey special meaning, it is defined, capitalized and italicized in this *Contract*. If the same word or phrase is intended to convey its common, ordinary meaning, it is not italicized. However, a reference to “oil and gas” refers to “*Hydrocarbon Liquids or Gas*”.

(b) If a word is used both as a defined term and an undefined term, the undefined term includes and is broader than the defined term. For example, the word “contractors” includes “*Contractors*”

2.2 **Gender.** Reference to any gender includes a reference to all other genders.

2.3 **Number of Days.** In computing any time period under this *Contract*, the *Day* of the act, event, default, or *Notice* is not included and the period begins to run on the next *Business Day*. The last *Day* of the period so computed is included, unless it is not a *Business Day*. In that event, the period runs until the end of the next *Day* that is a *Business Day*.

2.4 **The Word “Include.”** “Include” and “including” means respectively “include, without limitation”, and “including, without limitation,” unless provided otherwise in this *Contract*.

2.5 The Word “May.” The word “may” means “is authorized or permitted to in its sole discretion”, while “may not” means “is not authorized or permitted to.”

2.6 References to Agencies or Officials. A reference to a governmental department, division, agency, or official continues to apply regardless of any changes in name or title, and applies to the successor department, division, agency, or official to which the referenced responsibilities or functions may be transferred. Reference to a government official includes the official’s designee.

2.7 Successor Publications. Where this *Contract* references information or uses an information source that is no longer available, the *Parties* shall reference information or use an information source that is substantially similar.

2.8 Cross References. References to “Article,” “Exhibit,” or “Attachment” are references to articles, exhibits, or attachments of this *Contract* unless provided otherwise in this *Contract*.

2.9 Rights or Obligations.

(a) References to a right, privilege or obligation of a *Project Entity* that is not a *Party* should be construed as conferring the right or privilege on the *Participants* or their *Affiliates*, or imposing upon the *Parties* the obligation to perform or cause the *Project Entity* to perform, that obligation.

(b) References to a right, privilege, or obligation of a *Producer Capacity Holder* that is not a *Party* should be construed as conferring the right or privilege on the *Producer*

Capacity Holder's Producer or imposing upon the *Producer Capacity Holder's Producer* the obligation to perform, or cause the *Producer Capacity Holder* to perform, that obligation.

(c) References to a right, privilege, or obligation of a *State Capacity Holder* that is not a *Party* should be construed as conferring the right or privilege on the *State*, or imposing upon the *State* the obligation to perform, or cause the *State Capacity Holder* to perform that obligation.

2.10 Conjunctions.

(a) And. The word “and” can have two different connotations:

- (i) the several “and”: A and B, jointly or severally
- (ii) the joint “and”: A and B, jointly but not severally

In this *Contract*, “and” should be interpreted in the joint sense, uniting things as a whole group, not in the several sense.

(b) Or. The word “or” can have two different connotations:

- (i) the inclusive “or”: A or B, or both
- (ii) the exclusive “or”: A or B, but not both

In this *Contract*, “or” should be interpreted in the inclusive sense, not in the exclusive sense. If “or” is used in the exclusive sense, it is written as “either A or B” or other phrase indicating the exclusive connotation.

(c) The phrase “oil and gas” means “oil or gas”:

- (i) means “oil or gas”, notwithstanding Article 2.10(a) and (b); and

- (ii) includes *PPT Oil* and *PPT Gas* for purposes of Article 14 and Exhibits P, X, and Y .

2.11 Singular and Plural. Reference to the singular may include a reference to the plural and vice versa, as the case may be.

PART B - EFFECTIVE DATE AND TERM OF CONTRACT**ARTICLE 3 - EFFECTIVE DATE AND TERM**

3.1 Effective Date. This *Contract* is effective on the date when executed by all of the *Parties* (“Effective Date”), consistent with the *Authorization Act*.

3.2 Term. The term of this *Contract* commences on the *Effective Date* and, except as provided under Articles 14, 17, and 19, remains in full force for thirty-five (35) years from the *Commencement of Commercial Operations* (“Term”). The *Term* is extended by the full period of a suspension permitted under Article 35 if the suspension lasts longer than thirty (30) *Days*. However, the *Term* may not exceed forty-five (45) years from the *Effective Date*.

**PART C - PROJECT DESCRIPTION, PROJECT PLAN, ALASKA HIRE AND
CONTENT, AND STATE OWNERSHIP**

ARTICLE 4 - QUALIFIED PROJECT DESCRIPTION

4.1 Project Overview. The *Project* includes a pipeline and related facilities that would have an initial design capacity to treat and transport approximately four (4) *BCFD* of *Gas* from the *ANS* to North American markets, consistent with the *Qualified Project Plan*. Although specific design details are likely to change as the *Project* advances, the *Project* would consist primarily of the elements listed in Article 4.1(a) through (f):

- (a) Gas Transmission Pipelines. Gas transmission pipelines that would deliver *Gas* to the *GTP* or the *Mainline* from *Upstream Facilities*.
- (b) GTP. A gas treatment plant, located on the *ANS*, that would be designed to:
 - (i) remove certain *Impurities* as necessary and return them for injection or other disposition, including enhanced recovery; and
 - (ii) compress and chill the treated *Gas* to meet *Mainline* specifications.
- (c) Mainline. A large diameter gas pipeline located in *Alaska* that would transport *Gas* from the *GTP* on a route generally along the *TAPS* pipeline and the Alaska Canada Highway. It is likely to be designed to operate as a high-pressure pipeline. Compressor stations would be placed at regular intervals along the route to maintain pressure.
- (d) NGL Plant. Potentially, a processing plant that would recover *NGLs* for sale and condition the *Gas* to meet downstream market specifications. An *NGL Plant* may be a

newly constructed *Facility* or an existing *Facility*. An *NGL Plant* may be located in *Alaska*, Canada or the Lower 48.

(e) Alaska to Alberta Project. *Gas* transported through the *Mainline* that would flow across the Alaska-Canada border into a pipeline to Alberta, Canada. This pipeline would have compressor stations along its route to maintain pressure.

(f) Alberta to Lower 48 Project. Potentially, a new *Gas* pipeline, or expansion of existing pipeline systems that would be used to export *Gas* from Alberta, Canada to the Lower 48.

ARTICLE 5 - WORK COMMITMENTS

5.1 Performance Standard. “*Diligence*” means advancing the *Project* as diligently as is prudent under the circumstances. Until *Project Sanction*, decisions by the *Participants* are subject to the *Diligence* standard described in Article 5.1, including decisions that impact *Project* schedule.

5.2 Project Implementation. The *Participants* shall begin *Project* planning not later than ninety (90) *Days* after the *Effective Date*. Thereafter, the *Participants* shall advance *Project* planning activities by *Diligence* and shall conclude these activities with a decision on whether to begin preparation of regulatory applications and planning for an *Open Season*. *Project* planning activities are described in the *Qualified Project Plan*. Subject to Article 5.1, the *Participants* shall continue to pursue implementation of the *Qualified Project Plan* until *Project Sanction*.

5.3 Qualified Project Plan. The *Mainline Entity* shall coordinate and update the *Qualified Project Plan* on behalf of all *Participants*. Beginning April 1, 2007, and each year thereafter until the *Commencement of Commercial Operations*, the *Mainline Entity* shall submit an amended *Qualified Project Plan* to the *State*. Specific details of the *Qualified Project Plan* are likely to change as the *Participants* complete additional studies. Accordingly, the *Mainline Entity* may amend the *Qualified Project Plan*.

5.4 Project Summary. An amended *Qualified Project Plan* must include a *Project Summary* that includes the following:

- (a) *Project* overview;
- (b) description of work accomplished;
- (c) estimated *Project* schedule and proposed development activities; and
- (d) description of expenditures and programs implemented under Article 6.4(a).

The *Project Summary* is *Project Information* and may be freely disclosed by the *State*.

5.5 Termination.

(a) Exclusive Remedy. The *State's* exclusive remedy if the *Participants* have not acted by *Diligence* is termination of this *Contract* and that remedy may only be exercised by the *State*:

- (i) before *Project Sanction*; and
- (ii) under Article 5.5(b).

(b) Burden of Proof. Before *Project Sanction*, the *State* may terminate this *Contract* by establishing by clear and convincing evidence that the *Participants* have not acted by *Diligence*, resulting in a material adverse impact to the *Project*. In deciding whether the *Participants* have not acted by *Diligence*, the *Tribunal* shall take into account the following:

- (i) *Project* planning and other *Project* development activities may be adversely impacted by factors such as U.S. regulatory processes, construction costs, *Gas* prices, or other business considerations.
- (ii) *Project* planning and other *Project* development activities may be adversely impacted by Canadian regulatory processes or Canadian aboriginal issues. If the *State* seeks to terminate this *Contract*, and delays or other *Project* impacts are related to Canadian regulatory processes or Canadian aboriginal issues, the *Tribunal* shall be instructed that in determining whether the *Participants* have not acted by *Diligence* that other major pipeline projects have experienced delays in Canada.
- (iii) Errors in judgment in advancing the *Project* may not be used as evidence to support termination of this *Contract*.
- (iv) A *Party* is not required to enter into a commercial arrangement or settle a dispute with another *Person*. The failure to take such action may not be used as evidence to support termination of this *Contract*.
- (v) A *Participant's* suspension of its obligations under Article 5 or Articles 27, 28, or 35 may not be used as evidence to support termination of this *Contract*.
- (vi) A presumption exists that this *Contract* continues.

(c) Termination Process. The *State* may initiate termination of this *Contract* by *Notice* (“Termination Notice”) to all *Participants*.

(i) Undisputed Notice. If all *Participants* consent to termination of this *Contract*, this *Contract* terminates on the sixtieth (60th) *Day* following the day the *Termination Notice* is issued. A *Participant*’s failure to consent constitutes a *Notice of Dispute* as of the sixtieth (60th) *Day* following the day the *Termination Notice* is issued.

(ii) Disputed Notice. If one or more *Participants* dispute the *Termination Notice* (“Disputing Participant”), the *Disputing Participant* shall provide *Notice* of the dispute to the *State* and the other *Participants* within sixty (60) *Days* of the *Disputing Participant*’s receipt of the *State*’s *Termination Notice*. The *Disputing Participant*’s *Notice* of the dispute constitutes a *Dispute* and will be resolved under Article 26, except that in a *Dispute* under Article 5:

(A) the *Parties* are not required to exhaust the amicable resolution process under Exhibit C.2;

(B) the *Tribunal* shall only decide whether the *State* has established by clear and convincing evidence that the *Participants* have not acted by *Diligence* and shall issue an *Award*, without any explanation, that finds either for the *State* or for the *Participants*; and

(C) the *Tribunal*’s decision may be made public.

Pending final resolution of the *Dispute*, this *Contract* remains in effect.

(iii) Suspension by Participants. If the *State* issues a *Termination Notice*, the *Mainline Entity* may suspend any of its obligations under this *Contract* by

providing the *State* with a *Notice* (“Suspension Notice”). Except as provided below, if the *Mainline Entity* issues a *Suspension Notice*, any other *Participant* may suspend any of its obligations under this *Contract* (“Impacted Participant”) by providing a *Suspension Notice* to the *State* and all *Participants*. The effective date and term of an *Impacted Participant’s Suspension Notice* is the same as the effective date and term of the *Mainline Entity Suspension Notice*. If the opportunity to cure under Article 5.5(c)(iv)(A) is pursued, the right to suspend provided in Article 5.5 may not be invoked until the end of the cure period. The *Mainline Entity* may issue a *Suspension Notice* before the entry of the final non-appealable resolution of the *Dispute*.

(A) The *Suspension Notice* remains in effect until either terminated by *Notice* to the *State* by the *Mainline Entity* or the date of the final non-appealable resolution of the *Dispute*.

(B) During any period in which a *Mainline Entity Suspension Notice* is in effect:

(1) except for the payments required by Articles 14, 15, 17 and 19, each *Mainline Entity* or *Impacted Participant* obligation identified in the *Suspension Notice* is suspended and no action is required by the *Mainline Entity* or the *Impacted Participants* regarding those obligations;

(2) each *Party* bears its own costs incurred in connection with any suspension under Article 5 except to the extent those costs are included in rates; and

- (3) no penalty or *Interest* accrues on amounts that would otherwise be payable by the *Mainline Entity* or *Impacted Participants* to the *State*.
- (C) Following termination of the *Mainline Entity Suspension Notice*:
- (1) if this *Contract* remains in effect, then the time for performance of each obligation identified in each *Suspension Notice* is extended by a number of *Days* equal to the number of *Days* that the *Mainline Entity Suspension Notice* was in effect; or
- (2) if this *Contract* terminates, then the *Mainline Entity* and the *Impacted Participants* are discharged from any further obligations, except as to any rights, privileges or obligations under this *Contract* that accrued before the earlier of the effective date of the *Mainline Entity Suspension Notice*, if there was one, or date of the final non-appealable resolution of the *Dispute*.
- (D) The *Mainline Entity* may amend its *Suspension Notice*. The amended *Suspension Notice* relates back to the original *Suspension Notice* and the effective date of the amended *Suspension Notice* is that of the original *Suspension Notice*. The provisions of Article 5.5(c)(iii) apply to any amended *Suspension Notice*.
- (iv) Opportunity to Cure.
- (A) Cure Upon Termination Notice. If the *State* issues a *Termination Notice*, the *Participants* shall have ninety (90) *Days* from the date of the

Notice to take any actions they deem appropriate to address matters identified in the *Notice*.

(B) Cure After Resolution. If the final non-appealable resolution is to terminate this *Contract*, then the rights, privileges and obligations of the *Participants* under this *Contract* terminate unless they commence to cure the *Termination Notice* within sixty (60) *Days* of the resolution of the *Dispute* and thereafter pursue the curing diligently to completion. The date for performance of any *Mainline Entity* and *Impacted Participant* obligations is extended by a period equal to the number of *Days* that the *Suspension Notice* was in effect. If the *State* contests the adequacy of the cure, a *Notice of Dispute* may be issued. *The Mainline Entity* and *Impacted Participants* will not have the right to cure following resolution of that *Dispute*.

5.6 Rights and Obligations Upon Termination. Each *Project Entity* agreement must provide the *State's Affiliate* the right to dissolve the *Project Entity* through the dissolution process in that *Project Entity's* agreement. The *State's Affiliate* may only exercise this right, if this *Contract* terminates under Article 5, before the completion of the initial *Open Season* for the *Mainline*. If this *Contract* terminates under Article 5 after the completion of the initial *Open Season* for the *Mainline*, the *State's Affiliate* may withdraw from each *Project Entity* under the provisions of that *Project Entity's* agreement.

ARTICLE 6 - ALASKA HIRE AND CONTENT

6.1 Comply With Law. Each *Midstream Entity* shall comply with all valid *Laws* relating to hiring of *Alaska* residents or contracting with *Alaska Businesses* to work on construction or operation of the *Alaska Project*. In making hiring or contracting decisions for construction or operation of the *Alaska Project*, each *Midstream Entity* shall not discriminate against *Alaska* residents or *Alaska Businesses*. If a *Participant* or its *Affiliate* makes hiring or contracting decisions for construction or operation of the *Alaska Project*, the *Participant* or its *Affiliate* is subject to the provisions of Article 6.1 and Articles 6.2, 6.3 and 6.5. Each *Midstream Entity* shall train its employees responsible for making hiring or contracting decisions for construction or operation of the *Alaska Project* on the requirements of Article 6.

6.2 Alaska Hire. Within the constraints of *Law*, each *Midstream Entity* shall employ *Alaska* residents and shall contract with *Alaska Businesses* to work on construction, fabrication, or operation of the *Alaska Project* to the extent *Alaska* residents or *Alaska Businesses*:

- (a) are available, ready, willing and able to accept employment at the time required and are located anywhere in *Alaska*, not just in the area of *Alaska* where the work is to be performed;
- (b) are competitively priced in that they offer goods or services required by a *Midstream Entity* at a total cost that is equal to or less than the total cost of equivalent goods or services offered by a non-*Alaska* resident or a non-*Alaska Business*; and

(c) possess the requisite resources, education, training, skills, certification and experience to satisfactorily perform the work necessary for a particular position or to perform a particular service.

6.3 Recruitment. In hiring its employees, each *Midstream Entity* shall advertise for available positions and use *Alaska Job Service Organizations* to notify *Alaska* residents of available positions on the *Alaska Project*, under the requirements of the *SGDA*. Each *Midstream Entity* shall provide the State of Alaska Department of Labor and Workforce Development (“Labor Department”) with a copy of each advertisement at the time each advertisement is made public. The *Labor Department* may publicly disseminate the information contained in each advertisement. A position is available if it is vacant and primarily or exclusively located in *Alaska*, and a *Midstream Entity* intends to fill it with personnel not already employed by a *Participant* or its *Affiliate*. A *Midstream Entity* is not required to advertise a position if it has been offered to a candidate. This exception for offered positions will be rarely used.

6.4 Training and Development Programs.

(a) The *State* and each *Midstream Entity* will have a number of training opportunities that may expand the skilled workforce in *Alaska*. Additionally, the Alaska Natural Gas Pipeline Act provides grants for an *Alaska* pipeline training program to recruit and train *Alaska* residents, including the design and construction of training facilities located in Fairbanks to support this training. Each *Midstream Entity* shall work with the *State*, including the *Labor Department*, to develop these or other publicly-funded programs that could increase employment opportunities for *Alaska* residents. In conjunction with the

Project, the *Mainline Entity* shall spend, or cause the *Participants* to spend, a combined total of five million *Dollars* (\$5,000,000) in funding those or other workforce training programs and activities in *Alaska*. The programs and activities could include:

- (i) informing students in *Alaska* school districts:
 - (A) about jobs that will be needed for the *Alaska Project* and how students can qualify for those jobs; and
 - (B) of available apprenticeship, mentoring, and internship opportunities to train or qualify for jobs;
- (ii) employing apprentices or interns;
- (iii) working with teachers in *Alaska* school districts in developing curricula for courses relevant to jobs on the *Alaska Project*;
- (iv) assisting the *Labor Department* in its efforts to upgrade technology applications and provide equipment for training centers and schools to keep training current and relevant for jobs on the *Alaska Project*;
- (v) supporting the *Labor Department* in developing training standards for jobs that will be needed for the *Alaska Project*; or
- (vi) providing on-the-job training for employees hired by a *Midstream Entity* for employment in *Alaska*.

Funding for these activities and programs will begin when the *Mainline Entity* files its initial *FERC* application. The *Project Summary* must describe the expenditures and programs implemented to date.

- (b) At the completion of *Project* planning activities, each *Midstream Entity* shall provide the commissioner of the *Labor Department* with a description of services, jobs

and skills required for construction and operation phases of the *Alaska Project*. Within thirty (30) *Days* after its submittal, each *Midstream Entity* shall meet with the commissioner of the *Labor Department* to discuss the description and, if necessary, to provide additional clarification.

6.5 Reporting. The *State* shall report *Alaska Resident* employment on the *Alaska Project*, consistent with the provisions of applicable *Law*. Each *Midstream Entity* shall facilitate this reporting by using the *State* electronic unemployment insurance compensation payroll reporting format existing on the *Effective Date*, as modified by the addition of a *Project* code to identify individuals who received *Alaska* earned wages as the result of being employed by the *Midstream Entity* during the reporting period.

6.6 Contractors. Each *Midstream Entity* shall include provisions substantially in the form of Exhibit E in any contract with a *Contractor* for the provision of goods or services in connection with the *Alaska Project*.

6.7 Remedies. Any failure to comply with, or breach of, Article 6 does not constitute a material breach justifying the termination of this *Contract*. From *Project Sanction* until *Commencement of Commercial Operations*, if a *Midstream Entity* persistently and intentionally fails to comply with Article 6, that entity and the *State* shall agree upon an appropriate remedy intended to ensure future compliance with Article 6. If the *State* and that entity are unable to agree, then the *Dispute* is subject to resolution under Article 26 and the *Tribunal* shall fashion a

remedy intended to ensure future compliance with Article 6. The remedy could include increased training and process improvements, but not payment of damages or penalties.

6.8 Severability. If a court invalidates any portion of Article 6, all other portions of Article 6 and the remainder of this *Contract* remain in effect.

ARTICLE 7 - STATE OWNERSHIP

7.1 State Ownership. The *State*, directly or indirectly through *State*-owned entities, shall acquire and hold an ownership interest, or an option to take an ownership interest, in the *Project* as provided in Articles 7.2 and 7.3. The *Project Entity* agreements govern the terms of the *State's* ownership interest, including capital contributions, pre-formation expenditures, acquisition costs, and confidentiality.

7.2 Ownership and Option Percentages.

(a) GTP, Mainline, and Alaska to Alberta Project. The *State* shall own, directly or indirectly through *State*-owned entities, a twenty percent (20%) interest in a *GTP*, the *Mainline*, and the *Alaska to Alberta Project*.

(b) Existing Units. Because *Gas Transmission Pipelines* from *Units* existing on the *Effective Date* will be an integral part of the *Project*, the *State* shall own, directly or indirectly through *State*-owned entities, an interest in *Gas Transmission Pipelines* to transport *Gas* originating from the:

- (i) *Prudhoe Bay Unit*;
- (ii) *PTU*;
- (iii) *Kuparuk River Unit*;
- (iv) *Duck Island Unit*;
- (v) *Northstar Unit*;
- (vi) *Milne Point Unit*;
- (vii) *Colville River Unit*; or
- (viii) *Badami Unit*;

in a share commensurate with the expected throughput of *State Gas*, as estimated when that *Project Entity* is formed.

(c) NPRA Transmission Line. The *State* shall own, directly or indirectly through a *State-owned* entity, an interest in a *Gas Transmission Pipeline* to transport *Gas* originating from *Properties* west of the Kuparuk River boundary, including from the National Petroleum Reserve Alaska, to a *GTP* or the *Mainline* (“NPRA Transmission Line”) if that transmission line is sanctioned before the *Commencement of Commercial Operations*. If the *NPRA Transmission Line* is sanctioned after the *Commencement of Commercial Operations*, the *State* shall have an option to own an interest, directly or indirectly through a *State-owned* entity. The *State* or *State-owned* entity, shall exercise its ownership option in the *NPRA Transmission Line* by providing *Notice* ten (10) *Days* before the completion of the initial *Open Season* for that line. The *State* or *State-owned* entity shall pay its proportionate share of costs plus interest under the *Project Entity* agreement for that *Project Entity*. The *State* or *State-owned* entity shall be added as member under the provisions of that *Project Entity* agreement. The *State’s* direct or

indirect ownership interest in the *NPRA Transmission Line* must be commensurate with the expected throughput of *State Gas*, as estimated when the *Project Entity* is formed.

(d) NGL Plant in Alaska. If a *Participant* intends to locate an *NGL Plant* in *Alaska*, then the *State* shall own, directly or indirectly through a *State-owned* entity, a twenty percent (20%) interest in that plant.

(e) Alberta to Lower 48 Project. The *State* shall own, directly or indirectly through a *State-owned* entity, an interest in the *Alberta to Lower 48 Project*, if newly built or acquired by any *Person* in which *Affiliates* of all the *Producers* have an ownership interest, in a share commensurate with the expected throughput of *State Gas*, as estimated when that *Project Entity* is formed.

7.3 State Ownership Commitment. The *State* shall retain its direct or indirect ownership interests in each *Alcan Element* as provided in Article 7.2 at least until the *State Capacity Holder* executes a binding precedent agreement to reserve *Capacity* for all of its expected throughput of *State Gas* for each respective element, plant or project in the initial *Open Season*. The *State* shall retain any of its direct or indirect ownership interests in the *Alberta to Lower 48 Project* until the completion of that initial *Open Season*. If, however, it does not execute a binding precedent agreement to reserve *Capacity* for any *State Gas* in that initial *Open Season*, the *State* or *State-owned entity*, may withdraw from the *Alberta to Lower 48 Project* under the provisions of that *Project Entity* agreement.

**ARTICLE 8 - REGULATION OF AND ACCESS TO PROJECT FACILITIES AND
DISPOSAL SERVICES**

8.1 Regulation. The *Parties* expect that:

(a) regulation of and access (including expansion) to the *Mainline*, the *Gas Transmission Pipelines* and the *GTP* for shipment of *Gas* will be governed and controlled exclusively by:

(i) the Natural Gas Act, the Alaska Natural Gas Pipeline Act of 2004, other applicable federal *Law*, and this *Contract*, or

(ii) if federal *Law* does not apply, by commercial agreements negotiated between a *Midstream Entity* and *Persons* that enter into a transportation or treating agreement (“Shippers”); and

(b) regulation of and access to the *Non-Alaska Project* for shipment of *Gas* will be governed and controlled exclusively by:

(i) applicable Canadian *Law* for the portion of the *Non-Alaska Project* located in Canada and this *Contract*;

(ii) federal *Law* for the portion of the *Non-Alaska Project* located in the *Lower 48* and this *Contract*; or

(iii) commercial agreements negotiated between the owners of *Non-Alaska Project Facilities* and *Shippers*.

The *Parties* shall not seek additional, different, or supplementary requirements for regulation of or access to the *Gas Transmission Pipelines*, *GTP*, *Mainline*, any *NGL Plant* or the *Non-Alaska Project*.

8.2 Support of Regulation. The *Participants* and the *State* shall seek and support the exclusivity of *FERC's* and *NEB's* jurisdiction as described in Article 8.1 in any agency or court proceeding. If *FERC* does not assert jurisdiction over a *Midstream Element* within fifteen (15) months after the *Mainline Entity* submits a complete application to *FERC* under Section 103 of the Alaska Natural Gas Pipeline Act, then the *Project Entity* owning the *Midstream Element* may either:

- (a) terminate its participation in this *Contract* by delivering *Notice* to the *State*; or
- (b) enter into a commercial arrangement to govern and control rates, terms, and conditions of access for use of the *Midstream Element*.

8.3 State Regulatory Authority over the Project. Consistent with Articles 8.1 and 8.2, the *Parties* expect the *Alaska Project* to be regulated by *FERC* or by commercial agreements. If *FERC* does not assert jurisdiction, no *Party* may seek or support the jurisdiction of the Regulatory Commission of Alaska ("RCA") over any aspect of the *Project*, including *Project* activities, operations, *Facilities*, or other matters ("RCA Jurisdiction"). The *Parties* recognize that *RCA Jurisdiction* could cause *Loss* to the *Participants*. In the event of *Loss* or potential *Loss*, a *Participant* may provide *Notice* to the *State*, and the affected *Participants* and the *State* shall meet and discuss actions to prevent any *Loss*. These actions may include the *State*, with the cooperation of the *Participant*, pursuing judicial action or legislative relief, or taking other action. If the *RCA* asserts jurisdiction and takes actions inconsistent with principles of:

- (a) *FERC* policy for jurisdictional facilities; or
- (b) commercial agreements for non-jurisdictional facilities

that result in a *Loss* to a *Participant*, the *State* shall reimburse that *Participant* for the *Loss*, which reimbursement could include cost of cover or transportation, or other appropriate relief. A *Notice of Dispute* may not be issued until nine (9) months after the *Participant's Notice* to the *State* under Article 8.3.

8.4 Regulatory Intervention. This *Contract* does not affect the right of any *Party* to petition *FERC* or *NEB* to institute a proceeding, or to participate or intervene in a *FERC* or *NEB* proceeding, including a tariff proceeding.

8.5 Impurities.

(a) GTP Services. Subject to Article 8.5(d), a *Midstream Entity* that owns a *GTP* ("GTP Entity") shall seek *FERC* approval to offer, or if a *GTP* is not regulated by *FERC*, shall offer, unbundled services to:

- (i) remove *Impurities*;
- (ii) dehydrate and compress *Impurities*; and
- (iii) *Dispose of Impurities*.

A *GTP Entity* may conduct disposal services through an agreement with the *Working Interest* owners of a *Disposal Property*.

(b) Rates.

- (i) If the *GTP* is not regulated by *FERC*, the rate charged by the *GTP Entity* for services under Article 8.5(a) must be just and reasonable and based on cost of service. If the *State* does not agree that the rate is just and reasonable and based on cost of service, it may issue a *Notice of Dispute*.

- (ii) If the *GTP* is regulated by *FERC*, the rate to *Dispose of Impurities* charged by the *GTP Entity* will be subject to *FERC* approval.
- (c) Disposal Services. After consulting with the *Producers*, the *GTP Entity* shall select one (1) or more *Properties* to evaluate for potential use as a *Disposal Property* in service to the *GTP*. It shall request the *Working Interest* owners of the selected *Properties* to conduct engineering studies to assess *Impurities* disposal options. If, after conducting those studies, the *Working Interest* owners of a *Property*:
 - (i) agree that performing the service to *Dispose of Impurities* is feasible and will have no unreasonable impacts on oil and gas operations;
 - (ii) approve a *Facility* design for that service; and
 - (iii) approve an *Impurity Disposal Fee* that compensates for the total:
 - (A) costs to handle and *Dispose of Impurities*; and
 - (B) full-cycle, direct, indirect, incremental and consequential costs reasonably estimated by the owners to be incurred over the life of operations of that *Property*, including engineering studies to assess the alternatives and *Facility* design to handle or *Dispose of Impurities*;then, each *Producer* or its *Affiliate* that holds a *Working Interest* in that *Property* shall vote its interest under the applicable operating or other agreement to approve an agreement with the *GTP Entity* to *Dispose of Impurities* in that *Property*.
- (d) Limitation on Offering Service. The *GTP Entity* is not required to offer a disposal service under Article 8.5(a)(iii) if:
 - (i) no *Working Interest* owners of any *Property* offer a service to the *GTP Entity* to *Dispose of Impurities* as provided in Article 8.5(c);

- (ii) the *Working Interest* owners of a *Property* that do agree to offer a service are unable to secure approvals necessary to provide that service;
 - (iii) the *GTP* is not regulated by *FERC* and a *Tribunal* disapproves the rates based on the *Impurity Disposal Fee* offered to that *GTP* by the *Working Interest* owners of the *Property*; or
 - (iv) the *GTP* is regulated by *FERC* and *FERC* does not approve the rates based on the *Impurity Disposal Fee* offered to that *GTP* by the *Working Interest* owners of the *Property*.
- (e) Working Interest Owner Services. If the *Working Interest* owners of a *Property* agree to return and *Dispose* of *Impurities* from a *GTP*, other than under a service offered by a *GTP Entity* under Article 8.5(a)(iii), then each *Participant* who is a *Working Interest* owner in that *Disposal Property* shall vote its interests to allow the *State* to return and *Dispose* of *Impurities* removed from *Associated State Gas* delivered to the *GTP* from that *Property*. The *Impurity Disposal Fee* and other terms offered to the *State* must be the same as those available to the *Working Interest* owners of that *Disposal Property*.
- (f) Third-Party Services. Each *Producer* or its *Affiliate* who enters into an agreement to *Dispose* of *Impurities* from a *Property*, other than under a service offered by a *GTP Entity* under Article 8.5(a)(iii), in a different *Property* shall include provisions in that agreement to allow the *State* the option to *Dispose* of its *Impurities* from *Associated State Gas* from that *Property* under the same *Impurity Disposal Fee* and other terms. If the *State* elects that option, then the *State* is bound by those terms, including any terms regarding whether the *Impurities* are treated as indigenous in the *Disposal Property*.

8.6 Previously Used Assets. Each *Participant* shall follow *FERC* policy regarding treatment of previously used assets for *FERC* ratemaking purposes.

8.7 State-Initiated Expansion.

(a) State Notice. Following *Commencement of Commercial Operations*, if a *Person*, including the *State*, seeking expansion *Capacity* on a *Midstream Element* is unsuccessful in securing *Capacity* from other *Shippers* or the *Project Entity* that owns the *Midstream Element*, or through a voluntary expansion by the *Project Entity* (“Expansion Shipper”), the *State* may provide *Notice* to the *Project Entity* to submit an application to *FERC* to expand the *Midstream Element*, identifying the basis for the expansion request, the name of the *Expansion Shipper*, the *Volumes* or *Quantities* to be treated or shipped by that *Expansion Shipper*, and any other anticipated *Volumes* or *Quantities* of which the *State* is aware (“Expansion Notice”). The *State* shall provide a copy of the *Expansion Notice* to each other *Participant*. Upon receiving the *Expansion Notice* from the *State*, the *Project Entity* shall post the contents of the *Expansion Notice* on its electronic bulletin board or alternative mechanism used for its communications to the shipping public and shall diligently prepare and file an application to *FERC* to expand the *Project Entity’s Midstream Element* if:

- (i) the *State* has not exercised its option under Article 8.7 within the prior five (5) years, and the expansion:

- (A) is for at least fifty thousand (50,000) *MCF* per *Day* in *Capacity* on a *Gas Transmission Pipeline* or one hundred twenty-five thousand (125,000) *MMBTU* per *Day* in *Capacity* on the *Mainline* or the *GTP*, for

all of the *Expansion Shippers* combined, excluding any *Producer's* or its *Affiliates' Volumes* or *Quantities*;

(B) does not require the *Project Entity* to construct or operate a lateral pipeline from the *Mainline* or *Gas Transmission Pipeline*;

(C) does not require the *Project Entity* to install one or more loops in excess of a total of one hundred (100) miles; and

(D) does not include a *Producer's* or its *Affiliates' Volumes* or *Quantities* for purposes of Article 8.7(a)(i)(A), but does include consideration of any *Producer's*, its *Affiliates'* or any other *Person's Volumes* or *Quantities* for purposes of designing an expansion under Article 8.7 and conducting an *Open Season* for that expansion;

(ii) each *Expansion Shipper*:

(A) meets the credit standards in the *Midstream Element's* tariff;

(B) pays in advance its proportionate share, as determined by the *Project Entity*, of all costs related to the filing of the application and to activities required to complete the application, including engineering studies and design and environmental reviews, which costs may be recoverable under Article 8.7(a)(iv)(A);

(C) obligates itself, subject to proration or displacement under the *Open Season* process, to submit in the *Open Season* a qualifying and responsive bid for *Capacity* in an amount equal to the *Volume* or *Quantity* identified in the *Expansion Notice* for that *Expansion Shipper*; and

(D) is not a *Producer* or its *Affiliate*;

- (iii) the *Open Season* results in the execution of negotiated rate agreements by all successful bidders for firm transportation service that are:
 - (A) consistent with the principles in Article 8.7(a)(iv); and
 - (B) at rates that do not exceed the cost-of-service rate on a present value basis proposed in the *Open Season* bid package; and
- (iv) the application can be and is filed consistent with the following principles:
 - (A) the rates for the expansion service must be designed to ensure the recovery, on an incremental or rolled-in basis (including a reasonable rate of return on the investment), of the cost associated with the expansion;
 - (B) the rates, terms and conditions for the expansion service must not require any existing *Shipper* on the *Project* to:
 - (1) pay a higher rate than it would have had to pay absent the expansion;
 - (2) be assessed a higher fuel retention percentage than would have been assessed absent the expansion; or
 - (3) otherwise subsidize the expansion;
 - (C) all new *Shippers* shall comply with, and the proposed expansion and the expansion of service must be undertaken and implemented based on, terms and conditions consistent with the tariff of the *Midstream Element* in effect as of the date of the expansion;
 - (D) the proposed expansion *Facilities* must not adversely affect the financial or economic viability of the *Midstream Element*;

- (E) adequate downstream facilities must exist or are expected to exist to deliver the proposed expansion *Gas* to market;
- (F) the proposed expansion *Facilities* must not adversely affect the overall operations of the *Midstream Element*;
- (G) the proposed expansion *Facilities* must not diminish the contract rights of existing *Shippers* to previously subscribed certificated capacity; and
- (H) all necessary environmental reviews must be completed.

Article 8.7 is effective unless *FERC* determines that any of its provisions are contrary to *Law*. If *FERC* issues a certificate on a basis different than the expansion proposal filed by the *Project Entity*, then the *Project Entity* shall reject the certificate unless any such difference is minor or all the members of the *Project Entity* vote otherwise.

(b) Disputes.

- (i) If the *Midstream Entity* to whom the *Expansion Notice* is directed believes that the requirements of Article 8.7(a) have not been satisfied, it shall provide *Notice* to the *State* and the *State* may provide a *Notice of Dispute*.
- (ii) If the *Midstream Entity* to whom the *Expansion Notice* is directed believes that the requirements of Article 8.7(a) have been satisfied, then any other *Party* may provide a *Notice of Dispute* if it believes that the requirements of Article 8.7(a) have not been satisfied.
- (iii) The amicable resolution process under Exhibit C.2 does not apply to a *Dispute* under Article 8.7. The terms of Article 8.7 have been negotiated in

consideration of the *State's* agreement to limit its remedies and damages relating to Article 8. If a *Project Entity* breaches its obligations to submit an application in accordance with Article 8.7, the *State* may issue a *Notice of Dispute* and seek an *Award* of specific performance from the *Tribunal*. The *State's* right to seek specific performance is its exclusive remedy for any breach of Article 8.7.

8.8 Seasonal Variability Capacity. If a *Midstream Entity* offers any *Seasonal Variability Capacity*, such as authorized overrun service, that *Midstream Entity* shall make that capacity available ratably to firm shippers on a non-discriminatory basis.

ARTICLE 9 - IN-STATE MARKETS

9.1 In-State Needs and Offtake Points. At least thirty (30) *Days* before filing its plan for the initial *Open Season* for transportation of *Gas* in the *Mainline*, the *Mainline Entity* shall:

- (a) complete or adopt a study of *Gas* consumption needs and prospective *Offtake Points* consistent with *FERC* requirements; and
- (b) consult with the *State* to agree upon the locations of *Offtake Points* along the *Mainline*.

The *Mainline Entity* shall support funding, if requested by the *State*, of up to four (4) *Offtake Points* to accommodate in-state consumption. The provision of these *Offtake Points* will provide the opportunity for *Persons*, including local distribution companies or the sponsor of a liquefied natural gas project, to obtain access to the *Project* during an *Open Season* consistent with federal

Law. The *Mainline Entity* shall provide other *Offtake Points* as may be required by *FERC* and federal *Law*.

9.2 Open Season In-State Service. During the initial *Open Season*, the *Mainline Entity* shall offer a mileage sensitive service to the *Offtake Points* designated under Article 9.1. If requested by a *Shipper* before a voluntary expansion *Open Season*, the *Mainline Entity* shall offer a mileage sensitive service to an *Offtake Point* designated under Article 9.1. The *Mainline Entity* shall propose tariff provisions that provide for segmented capacity consistent with *FERC* procedures, so that a *Shipper* may use its firm transportation service to *Offtake Points*, including those located in the Fairbanks North Star Borough and Delta Junction, provided these *Offtake Points* are upstream of the firm contracted service point.

9.3 In-State Distribution Systems. This *Contract* does not limit the right of, or impose an obligation upon, any *Party* to fund, install or maintain any *Facilities* downstream of any *Offtake Point*, including *Facilities* associated with the odorization, reduction of *Gas* pressure, or control of *Gas Heating Value* or *Gas* quality. Any *Facilities* downstream of the *Offtake Points* are separate from the *Mainline*. The *Mainline Entity* shall cooperate with the *Person* sponsoring *Facilities* that would interconnect with an *Offtake Point* in the planning and design of those *Facilities* consistent with principles of *FERC* policy.

9.4 In-State Gas Sales Contracts. Long-term firm transportation commitments by *Shippers* are essential to the *Project*. Any *Party* may supply *Gas* to *Alaska* purchasers, but no *Party* is required to sell *Gas* to an *Alaska* purchaser. Any *Party* may make changes or new arrangements

for deliveries in *Alaska* provided that those changes or new arrangements do not cause the stranding of capacity or the shifting of cost responsibility to the holders of pre-existing shipping commitments unless mutually agreed with any affected *Persons*. An existing *Shipper* transporting *Gas* out of *Alaska* may choose to make *Gas* deliveries in *Alaska*, so long as that *Shipper* continues to satisfy its shipping commitments outside of *Alaska*.

9.5 NGL Study. Before the commencement of the initial *Open Season*, the *Mainline Entity* shall conduct a feasibility study for *NGL* processing opportunities in *Alaska*, and summarize it in the *Project Summary*. Each individual owner of *Gas* will determine the processing of *NGLs* from its *Gas* based on its individual commercial decisions.

ARTICLE 10 - CAPACITY MANAGEMENT

10.1 Open Season Capacity Acquisition.

(a) State Notice. The *State Capacity Holder* shall provide the same *Notice* to each *Producer Capacity Holder* at least thirty (30) *Days* before the end of an *Open Season* stating either:

- (i) that it intends to acquire *State Capacity* under Article 10.1(c); or
- (ii) that the *Producer Capacity Holder* should independently seek to acquire *State Capacity* on the *State Capacity Holder's* behalf under Article 10.1(b), and, if so,

(A) the *Volume* or *Quantity* of *In-State Capacity* for each *Alcan Element* that the *State Capacity Holder* intends to acquire; and

(B) the *Volume* or *Quantity* and location of any *State Upstream Sales Gas*.

(b) State Capacity Sought by Producer Capacity Holder. If the *State Capacity Holder* requests each *Producer Capacity Holder* to seek to acquire *State Capacity* under Article 10.1(a)(ii), then each *Producer Capacity Holder* shall acquire *State Capacity* on behalf of the *State*:

(i) in proportion to *State Export Gas* attributable to the *Producer Gas* originating from that *Producer's Properties*;

(ii) for the same duration and under the same terms and conditions sought by the *Producer Capacity Holder* for its *Producer Capacity*;

(iii) on all necessary *Alcan Elements* including transportation into Canada; and

(iv) in the *State Capacity Holder's* name and at the *State Capacity Holder's* sole risk and sole cost,

to the extent the *Producer Capacity Holder* is successful in acquiring *Capacity*. The *State Capacity Holder* shall provide the *Producer Capacity Holder* with the completed documents required for a bid submittal at least seven (7) *Days* before the end of the *Open Season*. Within ninety (90) *Days* after the acquisition of *State Capacity* under Article 10, each *Producer Capacity Holder* shall provide a *Capacity Notice* to the *State Capacity Holder*. That *Capacity Notice* must identify the *State Capacity* acquired for each *Property* for which *Capacity* was acquired by that *Producer Capacity Holder*, and the duration, terms and conditions applicable to that *Capacity*. If a *Producer Capacity*

Holder later acquires additional *Capacity* under Article 10, it shall provide the *State Capacity Holder* with an amended *Capacity Notice*.

(c) Direct Acquisition by State. If the *State Capacity Holder* provides *Notice* under Article 10.1(a)(i), the *State* shall acquire *State Capacity* to the *Alcan Elements* to meet its transportation or treating needs in any *Open Season* after the date of the *Notice*.

10.2 Insufficient State Capacity.

(a) Producer Capacity Holder Obligation to Satisfy State Shortage. If a *Producer* plans to deliver *State Export Gas*, excluding *Seasonal Variability Gas*, in excess of the amount of *State Capacity* identified in the current *Capacity Notice* (“Additional Associated State Gas”) for greater than a *Calendar Month*, its *Producer Capacity Holder* shall satisfy any need for *Capacity* required by the *State* to treat or transport *Additional Associated State Gas* from that *Property* (“State Shortage”) through any combination, at its option, of the following actions:

(i) re-designate *Producer Capacity* and corresponding *State Capacity* among *Properties* for an *Alcan Element* by amending the affected *Capacity Notices*, transferring the primary receipt points, and if necessary, completing a *Capacity* transaction as follows:

(A) if the *Property* to which *Capacity* is transferred has a *Forecast Ratio* greater than the *Property* from which that *Capacity* was transferred, the *Producer Capacity Holder* shall release and the *State Capacity Holder* shall acquire at the *Effective Rate*, subject to the regulatory posting rules,

an amount of *Capacity* necessary to make the *Takeaway Ratio* equal to the *Forecast Ratio* associated with each *Property*; or

(B) if the *Property* to which *Capacity* is transferred has a *Forecast Ratio* less than the *Property* from which that *Capacity* was transferred, the *State Capacity Holder* shall release and the *Producer Capacity Holder* shall acquire at the *Effective Rate*, subject to the regulatory posting rules, an amount of *Capacity* necessary to make the *Takeaway Ratio* equal to the *Forecast Ratio* associated with each *Property*;

(ii) release *Capacity* or other firm capacity which the *State Capacity Holder* shall acquire at the *Effective Rate*, subject to the regulatory posting rules;

(iii) acquire:

(A) *Capacity* or other firm capacity on its own behalf, and release a portion of that *Capacity* or other firm capacity to the *State Capacity Holder* under the same terms and conditions as that *Capacity* or other firm capacity was acquired, subject to the regulatory posting rules; or

(B) *Capacity*, other firm capacity, or other capacity on the *State Capacity Holder's* behalf in the *State Capacity Holder's* name, and at the *State Capacity Holder's* sole risk and sole cost, under the same terms and conditions as that *Capacity*, other firm capacity or other capacity was acquired, subject to regulatory posting rules, provided any other capacity is acquired proportionately for both the *State Capacity Holder* and the *Producer Capacity Holder*;

(iv) perform other action to satisfy the *State Shortage* as may be mutually agreed between the *Producer Capacity Holder* and *State Capacity Holder*; or

(v) only if the actions under Article 10.2(a)(i)-(iv) do not eliminate the *State Shortage*, the *Producer Capacity Holder* shall, at its option, through any combination:

(A) purchase a *Quantity* or *Volume* of *Additional Associated State Gas* from the *State Capacity Holder* sufficient to eliminate the *State Shortage* at the *AECO Price*, less the *Alaska to Alberta Tariff*; or

(B) coordinate with its *Producer* to reduce the amount of delivered *Gas*.

(b) Mechanism for Satisfying State Shortage. A *Producer Capacity Holder* affiliated with a *Producer* seeking to deliver *Additional Associated State Gas* under Article 10.2(a) shall provide *Notice* to the *State Capacity Holder* at least sixty (60) *Days* before the period for which deliveries are anticipated to begin, identifying the expected rate of *Additional Associated State Gas* deliveries (“*Additional Gas Notice*”). If the *State Capacity Holder* has insufficient *Capacity* to transport or treat any portion of the *Additional Associated State Gas*, the *State Capacity Holder* shall provide *Notice* to the *Producer Capacity Holder* within seven (7) *Days* after the *Additional Gas Notice* of its *State Shortage*. Upon receipt of that *Notice*, the *Producer Capacity Holder* shall satisfy any *State Shortage* as provided in Article 10.2(a).

(c) Amended Capacity Notice following Satisfaction of State Shortage. Within ninety (90) *Days* after satisfying the *State Shortage*, the *Producer Capacity Holder* shall issue

the *State Capacity Holder* an amended *Capacity Notice* that identifies and adjusts for any:

- (i) *Capacity* re-designated under Article 10.2(a)(i);
 - (ii) *Capacity* released and acquired under Article 10.2(a)(ii);
 - (iii) *Capacity* acquired under Article 10.2(a)(iii);
 - (iv) amount of *State Shortage* otherwise provided for under Article 10.2(a)(iv);
- and
- (v) amount of *State Shortage* equivalent to the *Quantity* or *Volume* of *Gas* purchased under Article 10.2(a)(v).

10.3 Excess State Capacity.

- (a) Producer Capacity Holder Obligation to Reduce Excess State Capacity.
 - (i) Sharing in Third Party Gas Purchases. If a *Producer Capacity Holder* seeks to purchase unaffiliated *Gas* for a duration of greater than a *Calendar Month* on the *ANS* to ship on *Producer Capacity Holder's Excess Property Capacity*, it shall offer the *State Capacity Holder* the opportunity to participate in the transaction by providing it with a range of target terms, conditions and pricing for that *Gas* ("Purchase Range").
 - (ii) Sharing in Capacity Release. If a *Producer Capacity Holder* seeks to release a portion of that *Producer Capacity Holder's Excess Property Capacity* for a duration of greater than a *Calendar Month* ("Producer Portion"), it shall offer the *State Capacity Holder* the opportunity to release a portion of the *State Capacity Holder's Excess Property Capacity* by providing the *State Capacity*

Holder with a range of terms, conditions and pricing for the *Producer Portion* to be posted or proposed for release on that *Alcan Element* (“Capacity Range”).

(b) Transaction Notice. The *Producer Capacity Holder* shall provide *Notice* to the *State Capacity Holder* of any transaction sought under Articles 10.3(a)(i) or 10.3(a)(ii) (“Transaction Notice”), which must include:

- (i) the transaction’s range of acceptable pricing, terms and conditions; and
- (ii) any other information that *Producer Capacity Holder* deems appropriate.

(c) State Capacity Holder Option to Participate in Transaction. Within three (3) *Business Days* of a *Producer Capacity Holder’s Transaction Notice*, the *State Capacity Holder* shall provide *Notice* to that *Producer Capacity Holder* that it either accepts or rejects the offered transaction. If the *State Capacity Holder*:

- (i) accepts the *Purchase Range*, and if the *Producer Capacity Holder* closes the transaction within the *Purchase Range*, the *Producer Capacity Holder* shall purchase the *State Capacity Holder’s State Capacity Share* of *Gas* in the *State’s* name, and at the *State’s* sole cost and expense; or
- (ii) accepts the *Capacity Range* and provides completed documents sufficient to support the execution of the release of the *Capacity*, the *Producer Capacity Holder* shall include the *State Capacity Holder’s State Capacity Share* of the *Producer Portion* for that *Alcan Element* in the *Capacity* to be posted or proposed for release.

If the *State Capacity Holder* does not respond to a *Transaction Notice* within three (3) *Business Days*, the *State Capacity Holder* is deemed to have accepted the offered

transaction. Any transaction with the *State Capacity Holder* must be on the same or substantially similar terms and conditions as obtained by the *Producer Capacity Holder*.

(d) Termination.

(i) If the *State Capacity Holder* rejects an offer under Article 10.3(c), that *Producer Capacity Holder's* obligations under Articles 10.1, 10.2, 10.3, and 10.4 terminate.

(ii) If the *State Capacity Holder* breaches its obligation to maintain confidentiality under Articles 10.3(f), the affected *Producer Capacity Holder* may terminate its obligations under Articles 10.1, 10.2, 10.3, and 10.4 by providing *Notice*. If the *State Capacity Holder* disputes the *Notice*, it may issue a *Notice of Dispute*. The *Dispute* shall be resolved under Article 26, except that *Parties* are not required to exhaust the amicable resolution process under Exhibit C.2. The affected *Parties* remain bound by the provisions of Articles 10.1, 10.2, and 10.4, but not Article 10.3, while the *Dispute* is pending. If the *Tribunal* finds that there was a breach that was material or persistent, the provisions of Articles 10.1, 10.2, 10.3, and 10.4 terminate with respect to that *Producer Capacity Holder*.

(e) No Dispute. Except in the case of fraud, the *State Capacity Holder* may not challenge the *Producer Capacity Holder's* purpose in entering into a *Gas* purchase or *Producer Capacity* release, or the terms or conditions of a *Gas* purchase or *Producer Capacity* release as a *Dispute* under Article 26, in any administrative proceeding or court of law.

(f) Confidentiality of Transaction Information. The following are deemed *Confidential Information* under Article 29.1:

- (i) any written or verbal communications or information between a *Producer Capacity Holder* and the *State Capacity Holder* regarding a potential transaction under Article 10.3;
- (ii) the *Transaction Notice* itself and information in it; or
- (iii) any written or verbal communications about the *Transaction Notice* itself, or information in it.

Despite the provisions of Article 29.3, the *State Capacity Holder* shall not disclose information and communications identified in Article 10 or *Derivative Materials* relating to them to any other *Representative* of the *State*.

- (g) Amended Capacity Notice. Within ten (10) *Days* after releasing *Excess Property Capacity*, the *Producer Capacity Holder* shall issue the *State Capacity Holder* an amended *Capacity Notice* that identifies and adjusts for any *Excess Property Capacity* released under Article 10.3.

10.4 Put Capacity. In addition to the rights, privileges and obligations under Article 10.3, each *Producer Capacity Holder* and the *State Capacity Holder* shall manage excess *State Capacity* under Article 10.4.

- (a) Notices. Beginning at the *Commencement of Commercial Operations* and each *Calendar Month* thereafter, each *Producer Capacity Holder* shall provide *Notice* (“Ratio Notice”) to the *State Capacity Holder* of the *Takeaway Ratio* and the *Forecast Ratio* for each *Alcan Element* by *Property*. Each *Producer Capacity Holder* shall provide the *Ratio Notice* within three (3) *Business Days* after it receives the *Forecast Producer Gas* and *Forecast Associated State Gas* from all *Property* operators.

- (b) State Obligation to Put Capacity. If, for a *Property*, the *Takeaway Ratio* is greater than the *Forecast Ratio* as shown on the current *Ratio Notice*, then each *Producer Capacity Holder*, whose *Producer Affiliate* has an interest in the *Property*, shall acquire from the *State Capacity Holder* and the *State Capacity Holder* shall release its *Producer's* proportional share of the *State Put Capacity* at the *Effective Rate*. If required, the *State Capacity Holder* shall post the pre-arranged release on the *Alcan Element* bulletin board within one (1) *Business Day* after receiving the *Ratio Notice*.
- (c) Producer Obligation to Put Capacity. If, for a *Property*, the *Takeaway Ratio* is less than the *Forecast Ratio* as shown on the current *Ratio Notice*, then the *State Capacity Holder* shall acquire and the *Producer Capacity Holder* shall release its *Producer's* *Producer Put Capacity* at the *Effective Rate*. If required, each *Producer Capacity Holder* shall post the pre-arranged release on the *Alcan Element* bulletin board within one (1) *Business Day* after issuing the *Ratio Notice* to the *State*.
- (d) Long-term and Permanent Puts. If a *Producer* re-designates *Capacity* from one *Property* to another for an *Alcan Element* under a long-term plan, such that the *Forecast Ratios* change resulting in a new obligation to put *Capacity* on a consistent basis, the *Parties* shall execute a release and acquisition of *Capacity* for a term commensurate with the long-term plan. The release and acquisition must be either at the *Effective Rate* or at a rate otherwise agreed by the *Parties*.
- (e) Conditions of Obligation.
- (i) No Obligation. If the *Takeaway Ratio* equals the *Forecast Ratio* for an *Alcan Element*, then no *Party* has any obligation, right or privilege under Articles 10.4(b) or 10.4(c) for that element.

- (ii) Agreed Suspension. The *State Capacity Holder* and any *Producer Capacity Holder* may mutually agree to suspend Article 10.4.
- (iii) Threshold Suspension. If the amount of *State Put Capacity* or the amount of *Producer Put Capacity* is less than ten thousand (10,000) *MMBTU per Day* or equivalent *Volume* for an *Alcan Element*, the obligations, rights and privileges in Articles 10.4(b) and 10.4(c) are suspended for that element.
- (iv) Third Party Purchase of Put Capacity. If a third party agrees to pay the *Effective Rate* or more for either *State Put Capacity* or *Producer Put Capacity* under any applicable posting or other bidding procedure, then the obligation to acquire *Capacity* under either Article 10.4(b) or Article 10.4(c) is satisfied for the amount of *Capacity* purchased by the third party, unless the *State Capacity Holder* or *Producer Capacity Holder* agrees to exceed that third party rate.
- (f) Example Calculations. An example calculation for the put *Capacity* method is shown in Exhibit F.

10.5 Imbalances. The provisions of Articles 10.2, 10.3, and 10.4 do not address minor and temporary field imbalances (“Minor Imbalances”). If a *Producer* has entered into a *GBA* for a *Property*, that *Producer* shall offer the *State Gas* balancing terms that are the same or substantially similar to those in the *GBA*. The *State* may manage its *Minor Imbalances* through the:

- (a) mechanisms provided under the *Gas* balancing terms;
- (b) release or acquisition of capacity, provided the transaction does not extend beyond a *Calendar Month*;

- (c) purchase or sale of *Gas*, provided the transaction does not extend beyond a *Calendar Month*;
- (d) *Alcan Element* balancing agreements; and
- (e) other commercial transactions that do not extend beyond a *Calendar Month*.

10.6 Other Amended Capacity Notice. The *Producer Capacity Holder* must submit to the *State* an amended *Capacity Notice* within ninety (90) *Days* after any change in *Producer Upstream Sales Gas* or other action that would change the current *Capacity Notice*.

10.7 Information. To the extent a *Producer Capacity Holder* receives, from either (a) an operator of a *Property* or (b) the *Producer Capacity Holder's Producer*, information related to expected deliveries of *State Gas* from each *Property* from which *Producer Gas* deliveries are to be made to the *Project*, the *Producer Capacity Holder* shall promptly provide that information by facsimile or other electronic transmission, or oral communication to the *State Capacity Holder*. In addition, to the extent a *Producer Capacity Holder's Producer* receives production forecast information from an operator of a *Property* related to expected deliveries of *Gas* that would materially impact its *Producer Capacity Holder's Capacity*, that *Producer Capacity Holder's Producer* shall promptly provide that information by facsimile or other electronic transmission, or oral communication to the *State Capacity Holder*.

10.8 Term and Termination. The provisions of Articles 10.1, 10.2, 10.3, and 10.4 are effective for the *Term*. A *Producer Capacity Holder's* obligations under Article 10.1, 10.2, 10.3, and 10.4 terminate if the:

(a) *FERC, NEB, U.S. Department of Justice* or a court finds that any provision of Articles 10.1, 10.2, 10.3, or 10.4 is contrary to *Law*. In the event of termination because a provision of Articles 10.1, 10.2, 10.3, or 10.4 is found to be contrary to a *Law*, the *Parties* will negotiate in good faith in an attempt to develop a mutually acceptable alternative provision that remedies the defect. The failure to reach agreement on alternative provisions to remedy the defect does not constitute a *Dispute* unless the *Producer Capacity Holder* or the *State Capacity* believes the other *Party* is not negotiating in good faith. Under a *Dispute* related to good faith negotiations, the *Tribunal* may neither impose an alternative provision on a *Party* nor make an *Award* of damages, but may order that *Party* to negotiate in good faith.

(b) *State Capacity Holder* gives *Notice* to the *Producer Capacity Holders* that it desires to terminate the provisions;

(c) *State Capacity Holder* acquires *State Capacity*:

(i) under Article 10.1(c);

(ii) from a *Person*, other than by acquisition under Article 10.5 or by acquisition from a *Producer Capacity Holder* under Article 10.2; or

(iii) under Article 10.1(b) or Article 10.2 and the *State Capacity Holder* transfers that acquired *State Capacity* to a *Person*, other than a transfer under Articles 10.3, 10.4, or 10.5;

(d) *State Capacity Holder* purchases *Gas* on the *ANS* from a *Person*, other than a purchase under Articles 10.3 or 10.5;

(e) *State Capacity Holder* sells *Gas* on the *ANS*, other than a sale:

(i) of *State Upstream Sales Gas* under Article 10.1(a)(ii)(B),

- (ii) for *Minor Imbalances* under Article 10.5, or
- (iii) to a *Producer Capacity Holder* under Article 10.2; or
- (f) *State Capacity Holder* allocates the *Quantity of In-State Capacity* among the *Producer Capacity Holders* disproportionately to their respective affiliated *Producers'* *Working Interests* in the *Prudhoe Bay Unit*.

10.9 Limitation on Remedies and Damages. The *State* is not required to compensate any *Producer Capacity Holder* for facilitating the *State Capacity Holder's* acquisition of *State Capacity*. Accordingly, the terms of Article 10 have been negotiated in consideration of the *State's* agreement to limit its remedies and damages relating to Article 10.

- (a) Damages. Except in the case of fraud, a *Producer* or *Producer Capacity Holder* is not liable to the *State* for any *Loss* arising out of or relating to a *Producer Capacity Holder's* performance or failure to perform any obligation under Article 10. In the case of fraud, a *Producer* or *Producer Capacity Holder* may be liable to the *State* for its *Loss*.
- (b) Exclusive Remedy. If a *Producer* or *Producer Capacity Holder* breaches its obligations under Article 10 the *State* may issue a *Notice of Dispute* and seek an *Award* of specific performance from the *Tribunal*. Except as provided in Article 10.9(a), the *State's* right to seek specific performance is its exclusive remedy.

10.10 Indemnification. At all times after the *Effective Date*, the *State* shall indemnify, hold harmless, and defend each *Producer* and *Producer Capacity Holder* against any *Loss* arising out of or resulting from a *Producer Capacity Holder's* performance of or failure to perform an obligation under Article 10, except in the case of fraud.

10.11 Comply with Law. In performing under this *Contract*, the *Producer Capacity Holders* and *State Capacity Holder* shall comply with all applicable requirements of *FERC's* Standards of Conduct, 18 C.F.R. Part 358 (2005).

PART D - FISCAL TERMS

ARTICLE 11 - FISCAL STABILITY

11.1 Fiscal Stability.

(a) Satisfaction of Participant Obligations.

(i) Royalty Obligations. By making the *Royalty* payments under Article 12, each *Producer* and its *Affiliates* satisfy their entire *Royalty* obligation on *Royalty Bearing Gas*.

(ii) Tax Obligations. By making the payments provided in Articles 11 through 19, the *Project*, the *Properties* and each *Participant* and its *Affiliates*, and their interests having nexus with *Alaska* (collectively, "Participant's Interests") are exempt from, and those payments are in lieu of, any *Tax* on their oil and gas related business activity in *Alaska*, except for a:

(A) *Capped Tax* under the *Fiscal Stability Cap*; and

(B) *Fixed Payable Tax* under Article 11.4.

(b) Covenant. In consideration of the obligations of each *Participant* under this *Contract*, the *State* is exercising authority granted under Article IX, Sections 1 and 4 of

the Alaska Constitution and *Law* to encourage new investment to develop *Alaska's Gas* resources by establishing fiscal terms for each *Participant's Interests* in advance with as much certainty as the *Law* allows. As such, the *Parties* do not intend that the *State* or *Political Subdivisions* surrender their taxing powers under the Alaska Constitution. The *Parties* recognize that in the future, the *State's* fiscal regime may change, including *Taxes* on oil and gas related business activity in general. However, recognizing the immense costs, scope and complexity of the *Project*, and the opportunities and benefits that accrue to the *State* through the *Participant's* performance of their obligations under the *Contract*, including:

- (i) work commitments under Article 5;
- (ii) monetary payments under Articles 11 through 19 and Article 22;
- (iii) the opportunity to serve in-state needs through access to *State Gas* under Articles 12 and 13, and through mileage-sensitive in-state service and *Offtake Point* provisions under Article 9;
- (iv) *Capacity* management provisions to facilitate transportation of *State Gas* under Article 10;
- (v) access to the *Project* for explorers and other third parties under Article 8;
- (vi) *State*-initiated expansion under Article 8;
- (vii) *State* ownership in the *Project* under Article 7;
- (viii) opportunities for training, *Alaska* hire and *Alaska* businesses under Article 6; and
- (ix) other *Participant's* obligations under the *Contract*,

the *State* covenants to provide fiscal certainty for each *Participant's Interests* on its oil

and gas related business activity in *Alaska* for the *Term*. The *Parties* recognize that successful development of *Gas* resources requires additional investment in *Facilities* that will produce both *Gas* and oil. To make the long-term investments necessary to develop *Gas* resources requires confidence that investment in, and the economic production of, oil can continue in order to underpin economic *Gas* production. Therefore, changes in *Taxes* on a *Participant's Interests* on its oil and gas related business activity in *Alaska* may affect the stable fiscal regime that the *State* has promised under this *Contract*. Accordingly, as recognized in the Recitals and provided elsewhere in this *Contract* and consistent with Article IX, Sections 1 and 4 of the Alaska Constitution, the *State* is temporarily contracting away for the *Term* its power to impose any new *Taxes*, or change any existing *Taxes*, that apply to each *Participant's Interests* on its oil and gas related business activity in *Alaska*, except for *Capped Taxes* under the *Fiscal Stability Cap*, and *Fixed Payable Taxes* under Article 11.4. Through the terms of this *Contract*, including exemptions, reimbursements and a *Participant's* right to recoup and offset payments, the *State* covenants to protect each *Participant's Interests* on its oil and gas related business activity in *Alaska*, thereby creating a binding and stable fiscal regime for the *Term*.

11.2 Taxes Levied by and Payable to the State.

- (a) Paid and Not Subject to Reimbursement. Each *Participant* shall pay and is not exempt from any:
- (i) portion of *Total Capped Taxes* less than or equal to the amount of the *Fiscal Stability Cap*; or

- (ii) *Fixed Payable Tax*, except for a *Fixed Payable Tax Increment* under Article 11.4(a);

levied by the *State*.

- (b) Exempt from any Payment Obligation. Each *Participant* is exempt from all *Taxes* levied by the *State* on their oil and gas related business activities in *Alaska*, except for those *Taxes* identified in Article 11.2(a). A *Participant* may exercise its exemptions under Article 11.2(a) by withholding payment to the *State*. A *Participant* may also exercise its exemptions by paying the *Tax* and obtaining reimbursement from the *State* under Article 22.

11.3 Taxes Levied by and Payable to a Political Subdivision.

- (a) Paid and Not Subject to Reimbursement. A *Participant* shall pay and is not exempt from any:

- (i) portion of *Total Capped Taxes* less than or equal to the amount of the *Fiscal Stability Cap*; or
- (ii) *Fixed Payable Tax*, except for a *Fixed Payable Tax Increment* under Article 11.4(a),

levied by a *Political Subdivision*.

- (b) Exempt from any Payment Obligation. Each *Participant* is exempt from any:
 - (i) *Restricted Tax*; or
 - (ii) portion of the cumulative annual total of all *Other Taxes* on that *Participant's Interests* greater than the amount of ten million *Dollars* (\$10,000,000) inflated under Article 36.1(a),

levied by a *Political Subdivision* on their oil and gas related business activities in *Alaska*, except for those *Taxes* identified in Article 11.3(a). A *Participant* may exercise its exemptions under Article 11.3(b) by withholding payment to the *Political Subdivision* after *Notice* to the *State* or paying the *Tax* to the *Political Subdivision* and obtaining reimbursement from the *State* under Article 22.

(c) Exempt, but Paid and Subject to Reimbursement. Except as provided under Article 11.3(a) and (b), a *Participant* is exempt from any:

- (i) portion of *Total Capped Taxes* greater than the amount of the *Fiscal Stability Cap*;
- (ii) *Fixed Payable Tax Increment* under Article 11.4(a);
- (iii) *Reimbursable Property Tax*;
- (iv) *Targeted Tax*; or
- (v) portion of the cumulative annual total of all *Other Taxes*, for that *Participant's Interests* less than or equal to the amount of ten million *Dollars* (\$10,000,000) inflated under Article 36.1(a),

levied by a *Political Subdivision* on their oil and gas related business activities in *Alaska*. A *Participant* may exercise its exemptions under Article 11.3(c) only by paying the *Tax* to the *Political Subdivision* and obtaining reimbursement from the *State* under Article 22.

11.4 Fixed Payable Tax Increments Subject to Reimbursement.

- (a) Fixed Payable Tax Increment. If
- (i) a *Vessel Tax* for which a *Participant* or its *Affiliate* is directly or indirectly liable is changed in rate or application, including a change in valuation method,

from the *Vessel Tax* as it read on October 1, 2005, as it is or may be modified and applied by:

(A) a final judicial decision resulting from or arising out of the case "Polar Tankers, Inc. v. City of Valdez, 3AN-00-9665 Civil" or "Crowley Marine Services, Inc. v. City of Valdez, 3AN-04-13039" Civil", or any other related judicial action; or

(B) that *Participant's* or its *Affiliate's* settlement agreement, including an agreement with the City of Valdez arising out of the cases in Article 11.4(a)(i)(A) ("Settlement Agreement"), which applies to this *Contract* for the term of the *Settlement Agreement*, and, if that *Participant* elects, which applies to this *Contract* for the *Term*,

unless the *Vessel Tax* becomes zero under Article 11.4(b), or

(ii) any other *Fixed Payable Tax* or a *Contractor Fixed Payable ANS Property Tax* is changed in rate or application, including a change in valuation method, after October 1, 2005 other than a change in mill rate under Article 11.4(d),

then that *Participant* shall calculate a *Fixed Payable Tax* increment ("Fixed Payable Tax Increment") as provided under Article 11.4(c).

(b) Invalidation or Elimination of Vessel Tax. If a final judicial decision invalidates or a legislative action eliminates the *Vessel Tax*, then the amount of the *Vessel Tax* is zero, and the *Parties* are no longer obligated to pay any *Fixed Payable Tax Increment* associated with the *Vessel Tax*.

(c) Fixed Payable Tax Increment. Each *Participant* shall calculate a *Fixed Payable Tax Increment* as:

- (i) the amount paid by that *Participant*, its *Affiliate*, or a contractor or subcontractor of that *Participant* or its *Affiliate* (“Actual Fixed Payable Tax Payment”), less
- (ii) the amount that would have been paid by that *Participant*, its *Affiliate*, or a contractor or subcontractor of that *Participant* or its *Affiliate* under the applicable *Fixed Payable Tax* or *Contractor Fixed Payable ANS Property Tax* had the *Tax* not been changed, other than a change under Article 11.4(a)(i)(A) or (B), or Article 22.4(d) (“Agreed Fixed Payable Tax Payment”).

If the *Fixed Payable Tax Increment* is positive, that *Participant* may obtain reimbursement under Article 22. If the *Fixed Payable Tax Increment* is negative, that *Participant* shall pay the absolute value of the *Fixed Payable Tax Increment* under Article 22.

(d) Changes in Mill Rate. If the combined mill rate for the *State* and *Political Subdivision* does not exceed twenty (20) mills, a change in a mill rate does not create a *Fixed Payable Tax Increment*. If the combined mill rate exceeds twenty (20) mills, then the increment above twenty (20) mills is used in the calculation of a *Fixed Payable Tax Increment*.

11.5 Non-Participant Reimbursable Tax. Personal income and withholding tax, or *SCIT* paid by a contractor or subcontractor is not a *Participant* obligation. However, if one or both of these taxes

- (a) is not of general application;
- (b) unlawfully discriminates against the *Project*-related business activity of the

Participants, or their Affiliates, Contractors, or Subcontractors; and

(c) results in *Loss* to a *Participant*,

that *Participant* may obtain reimbursement from the *State* for the *Loss* under Article 22.

11.6 Time Limitations. A *Participant* may not initiate reimbursement under Article 22 of a payment in Article 11.2 or 11.3 after the end of the second (2nd) *Calendar Year* following the *Calendar Year* in which a *Participant* makes the payment, except as the result of an audit or resolution of a *Dispute*.

11.7 Targeted Tax Audit. For purposes of determining whether a *Tax* is a *Targeted Tax*, a *Participant* may request an audit of the relevant records of the *State* or a *Political Subdivision* by giving *Notice* to the *State*. The *Participant* shall propose a list of at least three (3) qualified third party auditors, and the *State* shall select the auditor from that list. The *State* shall cooperate with the affected *Participant* in designing the audit scope and plan. If the *Tax* is determined ultimately to be a *Targeted Tax*, the *State* shall pay the costs of the third party auditor. If the *Tax* is determined ultimately to not be a *Targeted Tax*, the *Participant* requesting the audit shall pay the costs of the third party auditor. The third party auditor may not reveal confidential taxpayer information.

11.8 Affiliates. Whenever a *Participant* is exempt from the payment of a *Tax*, a *Participant's* *Interests* are also exempt from the payment of that *Tax*. Whenever an *Affiliate* of a *Participant* pays a *Tax*, the *Participant* is deemed to have made the payment.

11.9 Certification of Exemption. The *Commissioner* shall provide a *Participant* or its *Affiliates* with a direct pay process, exemption certificate, or other documentation (“Exemption Certificate”) to facilitate an exemption from a *State Tax*. The *Commissioner* may issue an *Exemption Certificate* on his own initiative or a *Participant* may request an *Exemption Certificate* by providing *Notice* to the *State*, together with documentation supporting the request. If the *Commissioner* fails to either grant or deny a request for an *Exemption Certificate* within thirty (30) *Days* after the *Notice*, the request is deemed granted and the *Commissioner* shall provide the *Exemption Certificate*. In resolving a *Dispute* regarding entitlement to an *Exemption Certificate*, the *Tribunal* shall give no deference to whether or not the *State* issued the *Exemption Certificate*.

11.10 Non-Participant Taxes.

(a) Taxes Related to the Project. *Contractors* and *Subcontractors* receive no *Tax* exemption under this *Contract*. However, they may use an *Exemption Certificate* obtained directly or through a *Participant* or provided to a *Participant*, *Contractor*, or *Subcontractor* under Article 11 to the extent the certificate is used on behalf of the *Participant* or its *Affiliate* in association with the *Project*. If a *Contractor* or *Subcontractor* pays a *Tax* relating to the *Project* and bills that *Tax* to a *Participant* or its *Affiliate*, that *Participant* or its *Affiliate* is deemed to have made the payment.

(b) Taxes Related to the Properties. A *Participant’s* or its *Affiliate’s* contractors and subcontractors receive no *Tax* exemption under this *Contract*. However, they may use an *Exemption Certificate* obtained directly or through a *Participant* or provided to a *Participant*, contractor, or subcontractor under Article 11 to the extent the certificate is

used on behalf of the *Participant* or its *Affiliate* in association with the *Properties*. If a *Participant's* or its *Affiliate's* contractor or subcontractor pays a *Tax* relating to the *Properties* and bills that *Tax* to a *Participant* or its *Affiliate*, that *Participant* or its *Affiliate* is deemed to have made the payment.

11.11 Interest. Amounts paid or reimbursed under Article 11 are subject to *Interest*. To calculate *Interest* under Article 11, *Taxes* paid in a *Calendar Month* are deemed paid on the fifteenth (15th) *Day* of that month.

11.12 Disputes and Audits.

(a) Disputes and Audits. An audit, dispute, matter, controversy or claim between a *Participant* and a *Political Subdivision* regarding taxability, valuation, or the amount of a *Tax* levied by that *Political Subdivision* is not governed by this *Contract*. Except for the items listed in Exhibit B.3(a)(iii) and (iv), all audits, disputes, matters, controversies or claims regarding *Taxes*, including the character of a *Tax* under this *Contract*, the right to an exemption, the right to reimbursement or to recoup or offset that *Tax*, or the amount eligible for reimbursement, recoupment or offset are matters of *Contract* interpretation and are subject to Articles 25 or 26.

(b) Defense of Political Subdivision Tax. If the *State* disagrees with the amount of a *Tax* levied on a *Participant* by a *Political Subdivision* or the amount of a *Contractor Fixed Payable ANS Property Tax* levied on a *Participant's* or its *Affiliate's* contractor or subcontractor ("Political Subdivision Tax"), the *State* shall provide *Notice* to the *Participant*. Upon receipt of the *Notice*, the *Participant* shall either defend against the

Political Subdivision Tax or request that the *State* defend and indemnify the *Participant* under Article 21.3. If the *Participant* elects to defend, the *State* may seek to join in the defense and the *Participant* shall grant that authority if paying the *Tax* would result in a reimbursement by the *State*. If the *State* defends against the *Political Subdivision Tax*, then:

- (i) the defense against the *Tax* under *Law* is at the *State's* expense; and
- (ii) the *Participant* shall cooperate with the *State* in that defense.

The amount ultimately paid by a *Participant*, including any amount paid by the *State* on behalf of that *Participant*, to a *Political Subdivision* for a *Political Subdivision Tax* is deemed final and correct under this *Contract* and is not subject to a *Dispute* between the *State* and the *Participant*.

(c) Tribunal Instructions. A *Tribunal* may not give any deference to any findings, decision, including a court decision, or position by or applicable to a *Political Subdivision*.

ARTICLE 12 - ROYALTY PAYMENTS

12.1 Method of Royalty Payment.

(a) Before Commencement of Commercial Operations. Before *Commencement of Commercial Operations*, a *Producer* shall pay *Royalty* ("Royalty Payments") as described in Article 12.1(a). For *Properties* included in Exhibit D, a *Producer* shall make its *Royalty Payment* as follows:

- (i) Fixed Royalties.
 - (A) Delivered to a Midstream Element. For all *Royalty Bearing Gas* that is delivered to a *Delivery Point* into a *Midstream Element*, the *State* shall receive its entire *Fixed Royalty* in kind if:
 - (1) a *Producer* in the producing *Property* is injecting *Royalty Bearing Gas* into another *Property*; and
 - (2) that *Producer* includes provisions in its *Gas* injection agreement that treat *Royalty Gas* in the same manner as that *Producer's Royalty Bearing Gas* is treated.
 - (B) Not Delivered to a Midstream Element. For all *Royalty Bearing Gas* that is delivered to a *Delivery Point* but not to a *Midstream Element*, the *State* shall receive its entire *Fixed Royalty* as provided in the applicable lease or other agreements in effect on October 1, 2005.
- (ii) Incremental Royalties. For all *Royalty Bearing Gas* that is delivered to a *Delivery Point*, the *State* shall receive its entire *Incremental Royalty* as provided in either Article 12.2(b) or 12.2(c) as applicable.
- (iii) Line Pack. For all *Royalty Bearing Gas* that is delivered by a *Producer* to the *Mainline*, the *GTP*, or a *Gas Transmission Pipeline* for line pack the *State* shall receive its entire *Fixed Royalty* in value calculated as follows:
 - (A) the actual proceeds received by that *Producer* from each transaction for the *Volume* of *Royalty Bearing Gas* delivered to one of the above *Midstream Elements* as line pack;

(B) multiplied by the *Fixed Royalty* share for the *Property* from which that *Gas* originated.

No *Party* may initiate a *Dispute* over the terms of a line pack transaction, if the transaction is consistent with *FERC* policy.

(b) After Commencement of Commercial Operations. After *Commencement of Commercial Operations*, a *Producer* shall make its *Royalty Payments* as described in Article 12.1(b).

(i) Fixed Royalty in Kind. For all *Royalty Bearing Gas* that is delivered to a *Delivery Point*, a *Producer* shall make its *Fixed Royalty* payment and the *State* shall receive its entire *Fixed Royalty* in kind at the *Delivery Point* into a *Midstream Element*.

(ii) Incremental Royalties. For all *Royalty Bearing Gas* that is delivered to a *Delivery Point*, the *State* shall receive its entire *Incremental Royalty* as provided in Article 12.2(b) or 12.2(c), as applicable.

(iii) Limit on Non-Project Gas. If the total *Volume* of *Royalty Bearing Gas* delivered into the *Mainline* by a *Producer* in each month for twelve (12) consecutive months, excluding any period of suspension permitted under Article 35, is less than ninety-five percent (95%) of the total *Volume* of *Royalty Bearing Gas* that was delivered by that *Producer* to all *Delivery Points* excluding the *Volume* of *Impurities*, fuel and losses associated with that *Gas* had all that *Gas* been delivered to the *Mainline* ("Theoretical Royalty Volume"), for each of those months, the *State* may make a one-time election under this Article. Within three (3) years after the *Commencement of Commercial Operations*, the *Parties* shall

jointly develop a method for estimating *Theoretical Royalty Volume*. For the *Royalty Gas* associated with that *Producer's Royalty Bearing Gas* that is not delivered to the *Mainline*, the *State* may:

- (A) continue to take *Royalty* in kind;
- (B) take *Royalty* under that applicable lease, *Unit*, or settlement agreement in effect on October 1, 2005; or
- (C) make other mutually agreeable arrangements with the *Producer*.

The election:

- (1) must be made by *Notice* to the *Producer*;
- (2) must specify an effective date for the election, which must be the first *Day* of a *Calendar Month* at least forty-five (45) *Days* after the effective date of the *Notice*; and
- (3) must specify those deliveries that are covered by the election.

12.2 State's Royalty Share.

- (a) Fixed Royalty Rate Properties. For all *Royalty Bearing Gas* under Article 12.1(b), the *State's Royalty* is the total *Volume of Royalty Bearing Gas* delivered to a *Delivery Point* multiplied by the applicable *Fixed Royalty* percentage. The applicable *Fixed Royalty* percentage for a *Property* is as specified in the applicable lease, *Unit*, or settlement agreement for that *Property*.
- (b) Incremental Royalties. For a *Property* with an *Incremental Royalty*, a *Producer* shall make its *Royalty Payment* to the *State* based on the method under the applicable

lease, *Unit*, or settlement agreement, unless that *Producer* makes the election provided in Article 12.2(c) for sliding scale leases.

(c) Sliding Scale Leases. Upon *Notice* by a *Producer* that it intends to deliver *Royalty Bearing Gas* to a *Delivery Point* from a *Property* that is subject to a sliding scale *Royalty* the *Producer* may elect to satisfy its sliding scale obligation by converting to a *Fixed Royalty* percentage obligation for the *Term*. The conversion must be based on the average crude oil price for the most recent six (6) month period determined using the average of the daily high and low month prices for West Texas Intermediate crude oil at Cushing, Oklahoma as reported by Platt's "Oilgram Price Report" *Spot Crude Price Assessment*, or a comparable successor organization, or, if none, a mutually agreed published price for West Texas Intermediate crude oil. The conversion of the sliding scale *Royalty* to a *Fixed Royalty* percentage must be completed within three (3) months after the *Notice*, and becomes effective only if deliveries of *Royalty Bearing Gas* commence within three hundred sixty-five (365) *Days* after the *Notice*.

12.3 One Payment and Example Calculations. A *Producer's Royalty Bearing Gas* is subject to *Royalty* only once, except later reproduced *Impurities* are subject to *Royalty* if they are indigenous under Article 12.4(c)(ii). Example calculations for determination of *Royalty Payments* and conversion of sliding scale obligations to a *Fixed Royalty* under Article 12.2(c) are shown in Exhibit F.

12.4 Title Transfer of Royalty Gas and Disposition of Gas and Impurities.

(a) Title Transfer. For each *Property*, the *State* shall take delivery of its *Royalty Gas*,

including any *Volume* attributable to *Impurities*, at the *Delivery Point* into the *Midstream Element* immediately downstream of that *Property*. The *State* shall take full ownership, title, financial responsibility, and risk of loss for its *Royalty Gas* at the applicable *Delivery Point* in its then current composition, condition, or quality.

(b) Disposition of Gas. The *State* shall make necessary arrangements and pay for the transportation, tendering, treating, processing, marketing, sales, uses or dispositions (“Disposition”) of *Royalty Gas* as it is delivered. Upon delivery of *Gas* to a *Delivery Point*, the following principles apply in making any arrangements for the *Disposition* of a *Party’s Gas*:

- (i) All *Parties* have the same rights, privileges and obligations regarding their *Gas*;
- (ii) A *Party* may not unreasonably interfere with any other *Party’s Disposition* of *Gas*, nor require another *Party* to install special *Facilities* to handle *Gas*; and
- (iii) A *Party* may authorize a *Person* to act on its behalf regarding its rights, privileges and obligations under this Article 12. The *Party*, however, is directly liable to the other *Parties* for any defect or failure of performance by that *Person*.

(c) Disposition of Impurities.

- (i) Each *Party* is responsible for the removal, dehydration, compression and disposal of *Impurities* in its *Gas*.
- (ii) For purposes of determining the *State’s* obligation to a *Participant* or a *Participant’s* obligation to the *State* regarding title to *Impurities*, whether initially produced or subsequently reproduced, *Impurities* that are *Disposed* of in a *Disposal Property* are treated either:

- (A) as indigenous to that *Disposal Property* for *Impurities* that originate from that *Disposal Property*; or
- (B) in the same manner as the *Producers* who are *Working Interest* owners of the *Disposal Property* treat *Impurities* that do not originate from that *Disposal Property*.

ARTICLE 13 - TAX BEARING GAS PAYMENT

13.1 Tax Bearing Gas Payment.

- (a) Before Commencement of Commercial Operations. Before *Commencement of Commercial Operations*, a *Producer* shall make a payment to the *State* for each *Property* as described in Articles 13.1 through 13.8 (“Tax Bearing Gas Payment”):
 - (i) Delivered to a Midstream Element. For all *Tax Bearing Gas* that is delivered to a *Delivery Point* into a *Midstream Element*, consistent with the *State’s* election under Article 13.6, the *State* shall receive its entire *Tax Bearing Gas Payment* as *Tax Gas* in lieu of a cash payment if:
 - (A) a *Producer* in the producing *Property* is injecting *Tax Bearing Gas* into another *Property*; and
 - (B) that *Producer* includes provisions in its *Gas* injection agreement that treat *Tax Gas* in the same manner as that *Producer’s Tax Bearing Gas* is treated.

(ii) Not Delivered to a Midstream Element. For all *Tax Bearing Gas* that is delivered to a *Delivery Point*, but not to a *Midstream Element*, the *State* shall receive its *Tax Bearing Gas Payment* as provided under Article 14 and Exhibit P.

(iii) Line Pack. For all *Tax Bearing Gas* that is delivered by a *Producer* to the *Mainline*, the *GTP*, or a *Gas Transmission Pipeline* for line pack, the *State* shall receive its entire *Tax Bearing Gas Payment* calculated as follows:

(A) the actual proceeds received by that *Producer* from each transaction for the *Volume* of *Tax Bearing Gas* delivered to one of the above *Midstream Elements* as line pack;

(B) multiplied by the *Tax Bearing Gas Percentage* for the *Property* from which that *Gas* originated.

No *Party* may initiate a *Dispute* over the terms of a line pack transaction, if the transaction is consistent with *FERC* policy.

(b) After the Commencement of Commercial Operations. After *Commencement of Commercial Operations*, a *Producer* shall make its *Tax Bearing Gas Payments* as described in Article 13.1(b).

(i) Payment Method. For all *Tax Bearing Gas* that is delivered to a *Delivery Point*, a *Producer* shall make its *Tax Bearing Gas Payments* to the *State* as determined under Articles 13.1 through 13.8. Consistent with the *State's* election under Article 13.6, the *State* shall receive its entire *Tax Gas* at the *Delivery Point* into a *Midstream Element*.

(ii) Limit on Non-Project Gas. If the total *Volume* of *Tax Bearing Gas* delivered into the *Mainline* by a *Producer* in each month for twelve (12)

consecutive months, excluding any period of suspension permitted under Article 35, is less than ninety-five percent (95%) of the total *Volume of Tax Bearing Gas* that was delivered by that *Producer* to all *Delivery Points* excluding the *Volume of Impurities*, fuel and losses associated with that *Gas* had all that *Gas* been delivered to the *Mainline* (“Theoretical Tax Volume”), for each of those months, the *State* may make a one-time election under Article 13.1(b)(ii). Within three (3) years after the *Commencement of Commercial Operations*, the *Parties* shall jointly develop a method for estimating *Theoretical Tax Volume*. For the *Tax Gas* associated with that *Producer’s Tax Bearing Gas* that is not delivered to the *Mainline*, the *State* may:

- (A) continue to take *Tax Gas* in lieu of a cash payment;
- (B) take its *Tax Bearing Gas Payment* in value as calculated under Article 13.3;
- (C) treat *Tax Gas* as provided under Article 14 and Exhibit P; or
- (D) make other mutually agreeable arrangements with the *Producer*.

The election:

- (1) must be made by *Notice* to the *Producer*;
- (2) must specify an effective date for the election, which must be the first *Day* of a *Calendar Month* at least forty-five (45) *Days* after the effective date of the *Notice*; and
- (3) must specify those deliveries that are covered by the election.

13.2 One Payment. A *Producer’s Tax Bearing Gas* is subject to a *Tax Bearing Gas Payment*

only once, except later reproduced *Impurities* are subject to a *Tax Bearing Gas Payment* if they are indigenous under Article 13.8.

13.3 Calculation of Tax Bearing Gas Payment. The *Tax Bearing Gas Payment* is a fixed percentage (“Tax Bearing Gas Percentage”) of the *Tax Bearing Gas Value* received by each *Producer* for its *Tax Bearing Gas* from a *Property* as determined below:

- (a) *Tax Bearing Gas Value* equals the *Volume (MCF)* of *Tax Bearing Gas* measured at a *Delivery Point* multiplied by the *Heating Value (MMBTU/MCF)* measured at that *Delivery Point*, with that product then multiplied by the *Tax Bearing Gas Price (\$/MMBTU)* applicable to that *Delivery Point*; and
- (b) *Tax Bearing Gas Payment* equals the *Tax Bearing Gas Value* determined in Article 13.3(a) multiplied by the applicable *Tax Bearing Gas Percentage*.

13.4 Tax Bearing Gas Percentage. For each *Property* listed in Exhibit D on the *Effective Date* or for a *Property* added to Exhibit D under Article 31.4, the *Tax Bearing Gas Percentage* used to determine the *Tax Bearing Gas Payment* in Article 13.3(b) is seven and twenty-five hundredths percent (7.25%).

13.5 Determination of Tax Bearing Gas Price. The *Tax Bearing Gas Price* is determined each *Calendar Month* for each *Property* and that price equals the *AECO Price* less the *Alaska to Alberta Tariff* applicable to *Tax Bearing Gas* from the *Property* (“Tax Bearing Gas Price”).

13.6 Tax Bearing Gas Election. By executing this *Contract*, the *State* elects to receive its *Tax Bearing Gas Payment* due under Article 13.1(a)(i) and 13.1(b)(i) as a share of each *Producer's Tax Bearing Gas* in lieu of receiving a cash payment. The *State's* share of *Tax Bearing Gas* ("Tax Gas") equals a *Volume* determined by a ratio:

- (a) the numerator of which is the *Tax Bearing Gas Payment* divided by the applicable *Tax Bearing Gas Price*, and
- (b) the denominator of which is the *Heating Value* of the *Tax Gas* measured at the applicable *Delivery Point*.

Determination of *Tax Gas* will be performed each *Calendar Month*, by *Producer*, for each *Property*.

13.7 Example Calculations. Example calculations for determination of the *Tax Bearing Gas Payment*, *Tax Bearing Gas Value*, *Tax Bearing Gas Price* and *Tax Gas* under Article 13 are shown in Exhibit F.

13.8 Title Transfer of Tax Gas and Disposition of Gas and Impurities.

- (a) Title Transfer. For each *Property*, the *State* shall take delivery of its *Tax Gas*, including any *Volume* attributable to *Impurities*, at the *Delivery Point* into the *Midstream Element* immediately downstream of that *Property*. The *State* shall take full ownership, title, financial responsibility, and risk of loss for its *Tax Gas* at the applicable *Delivery Point* in its then current composition, condition, or quality.
- (b) Disposition of Gas. The *State* shall make necessary arrangements and pay for the *Disposition* of the *Tax Gas* as it is delivered. Upon delivery of *Tax Bearing Gas* to a

Delivery Point, the principles provided in Article 12.4(b) for the *Disposition* of *Gas* by a *Party* apply with equal force to *Disposition* of *Tax Bearing Gas* by a *Party*.

(c) Disposition of Impurities. The provisions in Article 12.4(c) apply with equal force to *Tax Bearing Gas*.

ARTICLE 14 - PAYMENT IN LIEU OF PRODUCTION TAXES

14.1 Payment in Lieu of Production Taxes. Each *Producer* shall report and make a payment to the *State*, or cause that report and payment to be made, on its *PPT Production* (“PPT PILT Payment”), as provided under Article 14, Exhibit A, and Exhibit P.

(a) Before Project Sanction. Before *Project Sanction*, and including the *Calendar Month* in which *Project Sanction* occurs, each *Producer* shall make, or cause to be made, its *PPT PILT Payment* directly to the *State* and a *Producer* may not include its *PPT PILT Payment* obligation as a *Producer Monetary Obligation* under Article 22.

(b) After Project Sanction. Commencing the first *Calendar Month* after *Project Sanction*, each *Producer* shall include its *PPT PILT Payment* as a *Producer Monetary Obligation* under Article 22.1(a)(i)(E).

14.2 Term of PPT PILT Payment. The provisions of this *Contract* for the *PPT PILT Payment* do not apply after December 31, 2036, unless the *State* and the *Participants* mutually agree to extend them.

14.3 Example Calculation. An example calculation for a *Producer's PPT PILT Payment* is shown in Exhibit F.

ARTICLE 15 – UPSTREAM FACILITIES PAYMENTS

15.1 Upstream Facilities Oil Payment. Annually, each *Producer* shall make, or cause to be made, a payment (“Upstream Facilities Oil Payment”) on the *Producer's* interests in each *Upstream Facility*. The *Upstream Facilities Oil Payment* equals a *Producer's Barrels of Hydrocarbon Liquids*, including associated royalty *Barrels*, originating from a *Property* measured at the meter where the *Barrels* are first delivered into any common carrier *Oil Pipeline* for delivery to *TAPS* multiplied by:

- (a) \$0.4960 per *Barrel* for *Prudhoe Bay Unit*;
- (b) \$0.5000 per *Barrel* for *PTU*;
- (c) \$0.4820 per *Barrel* for *Kuparuk River Unit*;
- (d) \$0.5790 per *Barrel* for *Duck Island Unit*;
- (e) \$0.4570 per *Barrel* for *Northstar Unit*;
- (f) \$0.5790 per *Barrel* for *Milne Point Unit*;
- (g) \$0.4520 per *Barrel* for *Colville River Unit*;
- (h) \$0.5790 per *Barrel* for *Badami Unit*;
- (i) \$0.5000 per *Barrel* for a *Property* existing on January 1, 2005, but not included in the above *Properties* on January 1, 2005; and
- (j) \$0.5000 per *Barrel* for a *Property* added under Article 31.4.

15.2 Upstream Facilities Gas Payment. Annually, each *Producer* shall make, or cause to be made, a payment (“Upstream Facilities Gas Payment”) on the *Producer’s* interests in each *Upstream Facility*. The *Upstream Facilities Gas Payment* equals the sum of the *Volume* of *Producer Gas*, *Associated State Gas*, plus other royalty *Gas* associated with that *Producer*, originating from a *Property*, measured at the meter at the *Delivery Point* multiplied by \$0.0210 per *MCF*.

15.3 Determination of Volumes.

(a) Upstream Facilities Oil Payment Barrels. The number of *Barrels of Hydrocarbon Liquids* to be used in the calculation of the *Upstream Facilities Oil Payment* is:

- (i) for any *Property* producing on the *Effective Date*,
 - (A) for any payment due in *Calendar Year* 2006 or 2007, the annual arithmetic average of the total *Barrels of Hydrocarbon Liquids* delivered into a common carrier *Oil Pipeline* for delivery to *TAPS* for the prior five (5) *Calendar Years*; and
 - (B) for any payment due after *Calendar Year* 2007, the annual arithmetic average of the total *Barrels of Hydrocarbon Liquids* delivered into a common carrier *Oil Pipeline* for delivery to *TAPS* for the prior three (3) *Calendar Years*;
- (ii) for a *Property* not producing as of the *Effective Date*:

- (A) for each of the first five (5) years of production, the total *Barrels* of *Hydrocarbon Liquids* delivered into a common carrier *Oil Pipeline* for delivery to *TAPS* for the prior *Calendar Year*; and
 - (B) thereafter, the annual arithmetic average of the total *Barrels* of *Hydrocarbon Liquids* delivered into a common carrier *Oil Pipeline* for delivery to *TAPS* for the prior three (3) *Calendar Years*.
- (b) Upstream Facilities Gas Payment Volume. The *Volume* of *Gas* to be used in the calculation of the *Upstream Facilities Gas Payment* is:
- (i) for each of the first five (5) years of production, the sum of the *Volume* of *Producer Gas*, *Associated State Gas*, plus other royalty *Gas* associated with that *Producer*, measured at the *Delivery Point* for the prior *Calendar Year*; and
 - (ii) thereafter, the annual arithmetic average of the sum of the *Volume* of *Producer Gas*, *Associated State Gas*, plus other royalty *Gas* associated with that *Producer*, measured at the *Delivery Point* for the prior three (3) *Calendar Years*.

An example calculation of the *Upstream Facilities Oil Payment* and the *Upstream Facilities Gas Payment* is shown in Exhibit F.

15.4 Ceased Production. A *Property* is deemed to have ceased production of *Hydrocarbon Liquids* or *Gas* on December 31 of the *Calendar Year* before its first full *Calendar Year* without *Hydrocarbon Liquids* or *Gas* production, as applicable. For any *Property* that ceases production of *Hydrocarbon Liquids* or *Gas*, the final *Upstream Facilities Oil Payment* or *Upstream Facilities Gas Payment* for that *Property* is the payment that was reportable on or before the last *Business Day* of May of the *Calendar Year* following the deemed date of cessation. If that

Property resumes production of *Hydrocarbon Liquids*, the *Producer* shall resume *Upstream Facilities Oil Payments* as if it were a *Property* not producing on the *Effective Date* under Article 15.3(a). If that *Property* resumes production of *Gas*, the *Producer* shall resume *Upstream Facilities Gas Payments* as if it were a *Property* not producing on the *Effective Date* under Article 15.3(b).

15.5 Annual Payment. A *Producer* shall pay the *Upstream Facilities Oil Payment* and the *Upstream Facilities Gas Payment* annually under Article 22.1, Exhibit A and Exhibit G.

(a) Annual Payment for Oil Property Producing Before Effective Date. For any *Property* producing *Barrels of Hydrocarbon Liquids* as of the *Effective Date*:

(i) if the *Effective Date* occurs before the last *Business Day* in May, the first *Upstream Facilities Oil Payment* is reportable on or before the last *Business Day* of June following the *Effective Date*;

(ii) if the *Effective Date* occurs after the last *Business Day* in May but before the last *Business Day* in June, the first *Upstream Facilities Oil Payment* is reportable on or before the last *Business Day* of that June, and is payable as follows:

(A) the *Producer* shall initially report any property *Tax* due for that *Calendar Year* as provided under AS 43.56; and

(B) on or before the last *Business Day* of June, the *Producer* shall either:

- (1) report an additional payment if the amount of the *Tax* paid under Article 15.5(a)(ii)(A) is less than the amount due under Article 15.1; or
 - (2) include a reimbursement in the *Producer Statement* if the amount of the *Tax* paid under Article 15.5(a)(ii)(A) is greater than the amount that would have been paid under Article 15.1.
- (iii) if the *Effective Date* occurs after the last *Business Day* of June, then AS 43.56 as it applies to *Upstream Facilities* is considered a *Payable Tax* for that *Calendar Year* and the first *Upstream Facilities Oil Payment* is reportable on or before the last *Business Day* of June of the following *Calendar Year*.
- (b) Annual Payment for Oil Property Not Producing On Effective Date. For any *Property* that has not produced *Hydrocarbon Liquids* (other than *Hydrocarbon Liquids* produced during well tests) as of the *Effective Date*, the first *Upstream Facilities Oil Payment* is reportable on or before the last *Business Day* of June of the *Calendar Year* following the *Calendar Year* in which *Barrels of Hydrocarbon Liquids* from that *Property* are first delivered into a common carrier *Oil Pipeline* for delivery to TAPS.
- (c) Annual Payment for Gas. For any *Property*, the first *Upstream Facilities Gas Payment* is reportable on or before the last *Business Day* of June of the *Calendar Year* following the later of the *Calendar Year of Commencement of Commercial Operations* or the *Calendar Year* in which a *Volume of Gas* (other than *Gas* produced during well tests) from that *Property* is first delivered into a *Midstream Element*.

15.6 Inflation Adjustment. The *Upstream Facilities Oil Payment* rates specified in Article 15.1 are adjusted annually for inflation beginning in *Calendar Year 2007* as provided in Article 36.1(c) and the adjusted rates are effective on January 1 of the applicable *Calendar Year*. The *Upstream Facilities Gas Payment* rate specified in Article 15.2 is adjusted annually for inflation as provided in Article 36.1(b) and the adjusted rates are effective on January 1 of the applicable *Calendar Year*.

15.7 Third Parties.

(a) Non-Party Working Interest Owners in a Facility. This *Contract* exempts only a *Party* that holds a *Working Interest* in an *Upstream Facility* from any property tax payment on the *Upstream Facility* under applicable *Law*.

(b) Third Party Deliveries to a Facility.

(i) If a *Person* who is neither a *Party* nor a party to a *Uniform Upstream Fiscal Contract* delivers *Hydrocarbon Liquids* or *Gas* into an *Upstream Facility* in which they have no *Working Interest* (“Third Party Volumes”), each *Producer* who is a *Working Interest* owner of that *Upstream Facility* shall make *Upstream Facilities Oil Payments*, and *Upstream Facilities Gas Payments* in addition to those provided in Article 15, calculated as follows:

(A) multiply the applicable rates in Article 15.1 or 15.2 by the *Third Party Volumes* delivered from an *Upstream Facility*; and

(B) multiply the product in Article 15.7(b)(i)(A) by the *Producer’s Working Interest* ownership percentage in that *Upstream Facility*.

(ii) A *Producer* is not required to make the additional payments provided in Article 15.7(b)(i) if:

(A) the property *Tax Law* applicable to an *Upstream Facility* is changed to impose a *Tax* directly upon the owner of those *Third Party Volumes*; or

(B) an agreement regarding the processing of those *Third Party Volumes* was entered into before the *Effective Date*.

ARTICLE 16 - MIDSTREAM PAYMENT

16.1 Midstream Payment. Each *Midstream Entity* shall make a payment (“Midstream Payment”) on each of its *Midstream Elements*. The *Midstream Payments* are determined as follows:

- (a) for the *Mainline*, \$0.0240 per *MMBTU* multiplied by the *Quantity* of *Gas* measured at the meter where the *Quantity* is delivered into the *Mainline*;
- (b) for the *GTP* constructed to condition and compress *Prudhoe Bay Unit Gas* and potentially other *Gas*, \$0.0100 per *MMBTU* multiplied by the *Quantity* of *Gas* measured at the meter where the *Quantity* is delivered into the *Mainline* from the *GTP*; and
- (c) for each *Gas Transmission Pipeline*, \$0.0003 per *MCF-mile* multiplied by the sum of each *Inlet Point Contribution* multiplied by the *Segment Length* for that portion of the pipeline associated with that *Inlet Point Contribution*.

16.2 Determination of Midstream Payment Quantities and Volumes. The *Quantity* or the *Volume*, as applicable, of *Gas* to be used in the calculation of the *Midstream Payment* for the applicable *Midstream Element* is:

- (a) for each *Calendar Year* when the first five (5) annual *Midstream Payments* are due for that *Midstream Element*, the total *Quantity* or total *Volume*, as applicable, of *Gas* delivered into that *Midstream Element* for the prior *Calendar Year*; and
- (b) for any *Calendar Year* thereafter, the annual arithmetic average of the total *Quantity* or the total *Volume*, as applicable, of *Gas* delivered into that *Midstream Element* for the prior three (3) *Calendar Years*.

An example calculation of the *Midstream Payment* is shown in Exhibit F.

16.3 Ceased Operation. If a *Midstream Element* ceases operation, the final *Midstream Payment* for that *Midstream Element* is due on or before the last *Business Day* of June of the *Calendar Year* following the date of cessation. If that *Midstream Element* resumes operation, *Midstream Payments* resume under Article 16.2(a) for the first five (5) years after resumption and thereafter under Article 16.2(b).

16.4 Annual Payment. Each *Project Entity* shall make its *Midstream Payment* annually under Article 22.2, Exhibit A and Exhibit G. The first *Midstream Payment* is due on or before the last *Business Day* of June of the *Calendar Year* following the *Calendar Year* in which *Gas* is first delivered into the *Mainline*, *GTP*, or *Gas Transmission Pipeline*, as applicable.

16.5 Inflation Adjustment. The \$ per *MMBTU* and the \$ per *MCF* per mile rates specified in Article 16.1 are adjusted annually for inflation as provided in Article 36.1(a) and the adjusted rates are effective on January 1 of the applicable *Calendar Year*.

16.6 Additional Midstream Facilities. The *Parties* shall agree on a *Midstream Payment* rate to be paid by a *Project Entity* that owns a *Midstream Element* that does not have a *Midstream Payment* already established under Article 16.1.

ARTICLE 17 – PAYMENT IN LIEU OF OIL PIPELINE AD VALOREM TAXES

17.1 Payment in Lieu of Oil Pipeline Ad Valorem Taxes. Annually, each *Participant* shall make, or cause to be made, a payment (“Payment in Lieu of Oil Pipeline Ad Valorem Taxes”) to the *State* under Article 17 for each *Oil Pipeline* in which it holds an *Oil Pipeline Ownership Interest*.

17.2 Payment Amount. Each *Participant’s Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is determined as follows:

- (a) Before the In-Service Date for an Oil Pipeline. For an *Oil Pipeline* under construction or not yet having begun to transport *Unrefined Oil* as of the *Valuation Date*, each *Participant’s Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is calculated as follows:

- (i) multiply the *Oil Pipeline Ownership Interest* for that *Oil Pipeline* by the *Actual Cost* as of the *Valuation Date*;
 - (ii) multiply the result in Article 17.2(a)(i) by two percent (2%).
- (b) After the In-Service Date for an Oil Pipeline. For an *Oil Pipeline* that has begun to transport *Unrefined Oil* as of the *Valuation Date*, each *Participant's Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is calculated as follows:
- (i) multiply the *Oil Pipeline Ownership Interest* for that *Oil Pipeline* by the *Average Annual Barrels Tendered* into that *Oil Pipeline* as determined under Article 17.3;
 - (ii) multiply the result in Article 17.2(b)(i) by whichever of the following rates is applicable to that *Oil Pipeline*:
 - (A) for the *Oil Pipeline* of Alpine Transportation Company or its successor, \$0.0409 per *Barrel*;
 - (B) for the *Oil Pipeline* of BP Transportation (Alaska), Inc. doing business as Badami Pipeline Company or its successor, \$0.0542 per *Barrel*;
 - (C) for the *Oil Pipeline* of Endicott Pipeline Company or its successor, \$0.0387 per *Barrel*;
 - (D) for the *Oil Pipeline* of Kuparuk Transportation Company or its successor, \$0.0133 per *Barrel*;
 - (E) for the *Oil Pipeline* of Milne Point Pipeline Company, LLC or its successor, \$0.0143 per *Barrel*;

(F) for the *Oil Pipeline* of BP Transportation (Alaska), Inc. doing business as Northstar Pipeline Company or its successor, \$0.0610 per *Barrel*;

(G) for the *Oil Pipeline* of Oliktok Pipeline Company or its successor, \$0.0164 per *Barrel*;

(H) for the *Oil Pipeline* known as *TAPS* or its successor, \$0.2040 per *Barrel* ; or

(I) for an *Oil Pipeline* located within the *ANS* and not included in Article 17.2(b)(ii)(A) through (H), \$0.0059 per *Barrel* per mile, multiplied by the *Segment Length* of that pipeline, located offshore, and \$0.0019 per *Barrel* per mile multiplied by the *Segment Length* of that pipeline located onshore.

17.3 Determination of Oil Pipeline Volumes. The number of *Barrels* of *Unrefined Oil* to be used in the calculation of the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* (“Average Annual Barrels Tendered”) is, for an *Oil Pipeline* being valued on the *Valuation Date* for:

- (a) the first *Calendar Year* after it begins transporting *Unrefined Oil*, the *Annual Barrels Tendered* into it in the previous *Calendar Year*;
- (b) the second *Calendar Year* after it begins transporting *Unrefined Oil*, the sum of the *Annual Barrels Tendered* into it for the two (2) previous *Calendar Years*, divided by two (2); or

(c) the third *Calendar Year* after it begins transporting *Unrefined Oil*, and for each *Valuation Date* thereafter, the sum of the *Annual Barrels Tendered* into it for the three (3) most recent *Calendar Years*, divided by three (3).

17.4 Ceased Operation. If an *Oil Pipeline* ceases operation, the final *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* for that *Oil Pipeline* is the payment that was reportable on or before the *Report Date* in May of the *Calendar Year* of the date of cessation. If that *Oil Pipeline* resumes operation, each *Participant* with an *Oil Pipeline Ownership Interest* in that *Oil Pipeline* shall resume, or cause to be resumed, the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* under Article 17.3.

17.5 Notice of Actual Cost. On or before February 15 of each *Calendar Year*, each *Participant* owning an interest in an *Oil Pipeline* under construction or not yet having begun to transport *Unrefined Oil* shall provide, or cause to be provided, a *Notice* of all the actual costs incurred or accrued in the construction of that *Oil Pipeline* as of the *Valuation Date*. On or before April 15 of each *Calendar Year*, the *Commissioner* shall provide to each *Participant* owning an interest in an *Oil Pipeline* under construction or not yet having begun to transport *Unrefined Oil*, a *Notice* of the *Actual Cost* under Article 17.2(a) of that *Oil Pipeline* as of the *Valuation Date*. That determination of *Actual Cost* is deemed correct until all *Disputes* noticed by any *Party* under Exhibit B.12 concerning that *Oil Pipeline* are final.

17.6 Annual Payment. Each *Participant* with an *Oil Pipeline Ownership Interest* shall make, or cause to be made, its *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* annually under

Article 22.1, Exhibit A and Exhibit G. Except as provided under Article 17.6(a) and (b), the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is reportable on or before the *Report Date* in May of the *Calendar Year* in which the *Valuation Date* occurs.

(a) In Service as of the Effective Date. For any *Oil Pipeline* transporting *Unrefined Oil* as of the *Effective Date*:

(i) if the *Effective Date* occurs before the *Report Date* in May, the first *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is reportable on or before the *Report Date* in June following the *Effective Date*;

(ii) if the *Effective Date* occurs after the *Report Date* in May but before the *Report Date* in June, the first *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is reportable on or before the *Report Date* in June, and is payable as follows:

(A) that *Participant* shall initially pay any property *Tax* due for that *Calendar Year* as provided under AS 43.56; and

(B) on or before the last *Business Day* of the month following the *Effective Date*, that *Participant* shall report in the *Producer Statement* either:

(1) an additional amount due the *State* if the amount of the *Tax* paid under Article 17.5(a)(ii)(A) is less than the amount due under Article 17.1; or

(2) a reimbursement due the *Producer* if the amount of the *Tax* paid under Article 17.5(a)(ii)(A) is greater than the amount that would have been paid under Article 17.1;

(iii) if the *Effective Date* occurs after the *Report Date* of June, then AS 43.56 as it applies to *Oil Pipelines* governs, and the first *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is reportable on or before the *Report Date* in May of the following *Calendar Year*.

(b) Not in Service as of the Effective Date. For any *Oil Pipeline* that has not transported *Unrefined Oil* as of the *Effective Date*, the first *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is reportable on or before the *Report Date* of June of the *Calendar Year* following the *Calendar Year* during which construction is initiated on that *Oil Pipeline*.

17.7 Inflation Adjustment. The \$ per *Barrel* and the \$ per *Barrel* per mile rates specified in Article 17.3 are adjusted annually for inflation using the adjustment methodology described in Article 36.1(c) and the adjusted rates are effective on January 1 of the applicable *Calendar Year*.

17.8 Oil Pipeline Ad Valorem Tax Billing and Reporting. This *Contract* exempts only an *Oil Pipeline Ownership Interest* from any property tax payment on that interest under applicable *Law*. To the extent a *Participant* is operating an *Oil Pipeline* on behalf of a non-*Participant*, this *Contract* does not exempt that *Participant* from the reporting requirements under *Law*. Annually, the *State* shall bill the operator of each *Oil Pipeline* for ad valorem taxes due under applicable *Law*, for a non-*Participant's* ownership interests and *Payments in Lieu of Oil Pipeline Ad Valorem Taxes* due under this *Contract*.

17.9 Term of Payment in Lieu of Oil Pipeline Ad Valorem Taxes. The provisions of this *Contract for Payment in Lieu of Oil Pipeline Ad Valorem Taxes* do not apply after December 31, 2035, unless the *State* and the *Participants* mutually agree to extend them.

17.10 Example Calculation. An example calculation of the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is shown in Exhibit F.

ARTICLE 18 - IMPACT PAYMENTS

18.1 Impact Payments. The *Mainline Entity* shall make payments to the *State* to address economic and social impacts associated with the *Project* following *Project Sanction* (“Impact Payments”). The *Mainline Entity* shall make *Impact Payments* according to the following schedule:

- (a) \$8.9 million *Dollars* (\$8,900,000), payable at the end the *Calendar Year* immediately following *Project Sanction* (“Initial Impact Payment Date”);
- (b) \$16.6 million *Dollars* (\$16,600,000), payable one (1) year following the *Initial Impact Payment Date*;
- (c) \$27.7 million *Dollars* (\$27,700,000), payable two (2) years following the *Initial Impact Payment Date*;
- (d) \$27.7 million *Dollars* (\$27,700,000), payable three (3) years following the *Initial Impact Payment Date*;

(e) \$26.0 million *Dollars* (\$26,000,000), payable four (4) years following the *Initial Impact Payment Date*; and

(f) \$18.1 million *Dollars* (\$18,100,000), payable five (5) years following the *Initial Impact Payment Date*.

18.2 Inflation Adjustment. *Impact Payments* are adjusted annually for inflation as provided in Article 36.1(d).

18.3 Suspension or Termination of Obligations. Unless the *Mainline Entity* suspends its obligations under this *Contract*, or this *Contract* is terminated, the amount or timing of *Impact Payments* may not be changed. If the *Mainline Entity* suspends its obligations, the *Mainline Entity* may suspend making *Impact Payments* for the remainder of the suspension period beginning one (1) year after a *Judicial Suspension Notice* or a *Notice of Force Majeure*. If this *Contract* is terminated before the final *Impact Payment* is made, then the *Mainline Entity's* obligations to make unpaid *Impact Payments* is terminated.

ARTICLE 19 - PAYMENT IN LIEU OF STATE CORPORATE INCOME TAX

19.1 Payment In Lieu Of SCIT. Each *Participant* and its *Alaska* nexus *Unitary Business Affiliates* shall submit consolidated returns and make payments ("Payments in Lieu of SCIT") to the *State* under Article 19, Article 22, Exhibit A and Attachment 2.

(a) Incorporation of Text of State Laws. The text of Articles I, II, IV and XII of AS 43.19.010 (Multistate Tax Compact), AS 43.20, 15 AAC 19, and 15 AAC 20, as they read on October 1, 2005, is incorporated by reference into Article 19.1 as if set out here except for any provision relating to audit and the modifications set out in Article 19.1(b). The provisions of 15 AAC 19 and 15 AAC 20 are to be construed in a manner that is consistent with the corresponding provisions in AS 43.19.010 and AS 43.20, as modified in Article 19.1(b), that they implement, interpret, make specific, or otherwise carry out.

(b) Modifications to Text of Incorporated State Laws. The text of *State Laws* incorporated under Article 19.1(a) is modified as follows:

- (i) AS 43.20.072(d) and 15 AAC 20.500(a) are modified so that the payments under Articles 19.2, 19.3, and 19.4 are excluded from the numerator of the sales factor;
- (ii) AS 43.20.072(c)(1) and (2) are modified so that the two-factor apportionment factors under them are applicable to a *Participant* and its *Affiliates* having oil and gas related business activity in *Alaska* only if they and any consolidated business of which they are a part do not engage anywhere in the world in the production or pipeline transportation of oil and gas;
- (iii) 15 AAC 19.011 – 15 AAC 19.031 are modified to read the same as Reg. IV.1.(a) – (c) of the Model Regulations (as updated January 2004) of the Multistate Tax Commission, and for this purpose the text of Reg. IV.1.(a) – (c) of those Model Regulations is incorporated by reference into Article 19.1(b)(iii) as if it were set out here; and

- (iv) AS 43.20.031(e) and 15 AAC 20.100(b) are amended such that the eighty percent (80%) voting and value test under Internal Revenue Code section 1504(a)(2) is replaced with a greater than fifty percent (50%) ownership test, thereby allowing all members engaged in a *Unitary Business* to join in a single consolidated return for their *Payment in Lieu of SCIT* for a *SCIT Calendar Year*.
- (c) Judicial Interpretations. The judicial interpretation of a text that was rendered by the courts or by an administrative law judge under AS 43.05.405 - 43.05.499, in effect on October 1, 2005 applies with respect to each *State Law* whose text is incorporated by reference under Article 19.1(a).
- (d) Applicable Federal Income Tax Law.
- (i) The sections, which are in effect for the *SCIT Calendar Year*, of the Internal Revenue Code referred to in any *State Law* whose text is incorporated in Article 19.1(a), apply in determining the *Payments in Lieu of SCIT* for that *SCIT Calendar Year*, unless an exception or modification to that provision was enacted by the *Legislature*, or the Alaska Supreme Court in a final decision held such an exception or modification to have been made to that provision, on or before October 1, 2005.
- (ii) The following federal actions that interpret or apply any provision of a section of the Internal Revenue Code adopted in Article 19.1(a), are applicable in interpreting or applying that provision for purposes of Article 19 for those *SCIT Calendar Years* to which the federal interpretation or application applies:
- (A) decisions or orders by the following United States courts:
- (1) the Supreme Court;

- (2) any of the Court of Appeals;
- (3) the Tax Court, the Court of Federal Claims, and any of the District Courts;
- (B) regulations of the U.S. Department of Treasury;
- (C) revenue rulings, revenue procedures, and any other publication issued by the Internal Revenue Service that is to be relied upon by the Internal Revenue Service, its personnel, and taxpayers; and
- (D) if applicable, private letter rulings, technical advice memoranda, determination letters, and any other statement from the Internal Revenue Service that binds the *Participant* citing it, or that *Participant's Affiliate*.

In the event of inconsistent decisions between federal courts, the decision of the higher court controls. If the federal courts are of an equal level, the decision of the court that includes *Alaska* in its jurisdiction controls. If *Alaska* is not in any of the courts' jurisdictions, the *Tribunal* shall decide which decision controls.

(iii) Any federal *Law* that is inconsistent with the principles of worldwide combination and apportionment under *State Law* adopted by Article 19.1(a) does not apply to the extent of that inconsistency unless the *State Law* is held unconstitutional by a federal court.

(e) Time of Reporting, Payment, and Interest. Each *Participant* shall submit consolidated returns and make estimated *Payments in Lieu of SCIT* provided in AS 43.20.030(c) and IRC Section 6655, with the exception that the reporting dates for estimated payments are the last day rather than the fifteenth (15th) day of the fourth (4th), sixth (6th), ninth (9th), and twelfth (12th) months of the *SCIT Calendar Year*. The unpaid

balance for the *Payment in Lieu of SCIT* for a *SCIT Calendar Year* is reportable by the end of the fourth (4th) month of the following *SCIT Calendar Year*. The consolidated return for *Payment in Lieu of SCIT* for a *SCIT Calendar Year* is reportable by the end of the fourth (4th) month of the following *SCIT Calendar Year* or the extended return date. Any amount due when the *Payment in Lieu of SCIT* return is filed must be included in the *Producer Statement* or *Midstream Statement* in the *Calendar Month* in which the return is filed. Any interest due under Article 19 is as determined under Article 36.

(f) Audits. Audits related to *Payments in Lieu of SCIT* are subject to the terms of Article 25 and Exhibit B.

(g) No Penalties. Any penalty provided for in the text of any *State Law* incorporated by reference in Article 19.1(a), or provided for in any provision of the Internal Revenue Code that is applicable under Article 19.1(d) may not be claimed or asserted by the *State*.

19.2 Tax Bearing Gas Payment Impact on Payment in Lieu of SCIT. Irrespective of an individual *Producer's* internal reporting or treatment of the *Tax Bearing Gas Payment* or any *Quantity* or *Volume* of *Tax Gas* delivered to the *State* under Article 13, the transfer or payment by a *Producer* of the amount, *Quantity* or *Volume* to the *State* must not be included in the numerator of the sales factor in the calculation of the *Payments in Lieu of SCIT* otherwise payable under Article 19.

19.3 Upstream Cost Allowance Impact on Payment in Lieu of SCIT. The *UCA* paid to the *Producer* on *Royalty Gas* and *Tax Gas* under Article 20 must not be included in the numerator of the sales factor in the calculation of the *Payments in Lieu of SCIT*.

19.4 Field Cost Allowance Impact on Payment in Lieu of SCIT. The field cost allowance paid to the *Producer* under leases or other agreements in existence as of the *Effective Date* must not be included in the numerator of the sales factor in the calculation of the *Payments in Lieu of SCIT*.

19.5 Payment in Lieu of SCIT is a Tax on or Measured by Net Income. The *Payment in Lieu of SCIT* under Article 19.1 is deemed a tax based on or measured by net income under AS 43.20.031(c) or AS 43.20.072(b)(1).

19.6 Fundamental Changes to the Federal Income Tax System. If the federal income tax system fundamentally changes so that it is no longer based on or measured by net income, then the *Parties* shall propose alternative methods for calculating *Payments in Lieu of SCIT* on the basis of net income. In the event of a *Dispute*, it is the *Parties'* intent that the alternative method will be based on or measured by net income, substantially similar, if possible, to the federal income tax system existing before that change but without creating a necessity for maintaining and auditing special books and records that are kept solely for the purpose of calculating *Payments in Lieu of SCIT*.

19.7 Tax Periods Prior to the Effective Date. The provisions of this *Contract* for *Payment in Lieu of SCIT* have no effect on tax obligations under AS 43.20 for *SCIT Calendar Years* before the *Effective Date* other than the *SCIT Calendar Year* in which the *Effective Date* occurs or a *Participant* otherwise becomes a *Party*.

19.8 Effective Tax Year of Payment in Lieu of SCIT. For the *SCIT Calendar Year* in which the *Effective Date* occurs or a *Participant* otherwise becomes a *Party*, whichever is later, any estimated *SCIT* payments made by a *Participant* before the *Effective Date* or the date it otherwise becomes a *Party*, as the case may be, are treated as estimated *Payments in Lieu of SCIT* for that portion of the *Calendar Year* and no *SCIT* is due for that *SCIT Calendar Year*.

19.9 Term of Payment in Lieu of SCIT Provisions.

(a) Election. A *Participant* or the *State* may make a one-time election to limit the *Payment in Lieu of SCIT* provisions as provided under Article 19.9(b). A *Party* may make the election by providing *Notice* on or before February 1 of the *Calendar Year* before the *Calendar Year* in which the election is to be effective. That election is effective as follows:

- (i) January 1 of the thirtieth (30th) *Calendar Year* after the *Calendar Year* of the *Effective Date*; or
- (ii) if the election under Article 19.9(a)(i) is not made, January 1 of every fifth (5th) *Calendar Year* for the remainder of the *Term*, until an election is made.

(b) Modified Payment in Lieu of SCIT Provisions. The *Party* making the election shall provide, with the *Notice*, a proposed method that gives reasonable effect to both:

- (i) the obligation of a *Participant* to make a *Payment in Lieu of SCIT* on income that is earned by a *Participant* from business activity related to the *Project* or *Gas* production from a *Property*; and
- (ii) any obligation to pay *SCIT* on other income,

during the remainder of the *Term*.

(c) Disputes on Method. If the *State* and a *Participant* are unable to agree on a method, the *Tribunal* shall select one that satisfies the criteria under Article 19.9(b)(i) and Article 19.9(b)(ii). Article 26 and Exhibit C apply to the initial selection of a method and its application.

19.10 Presumptions and Interpretations. Any presumption created or arising under the *Laws* adopted under Article 19.1 is also adopted as part of this *Contract*, except that the *State's* determination of a *Tax* under the *Laws* adopted under Article 19.1, its interpretation of a *Law*, or its immaterial allegation of a fact relevant to the determination of a *Tax*, is neither presumed correct nor entitled to deference.

19.11 Example Calculation. An example calculation for a *Participant's Payment in Lieu of SCIT* is shown in Exhibit F.

ARTICLE 20 – COST ALLOWANCES

20.1 Producer's Receipt of UCA. As reimbursement of the *Producer's* upstream costs, including any direct and indirect costs for gathering, separating, cleaning, dehydrating, compressing and other field handling costs associated with production of *State Gas* upstream of a *Delivery Point*, including capital expenditures, operating expenses and overhead incurred by each *Producer*, the *State* shall make, or cause to be made an upstream cost allowance ("UCA")

payment, to each *Producer* of \$0.2240 per *MCF* on *State Gas*, including any *Volume* attributable to *Impurities* that are *Disposed* of in a *Disposal Property* and subsequently returned to the surface during *Gas* production operations, delivered by that *Producer* at a *Delivery Point* or recouped under Article 22.2. The *State* shall not pay the *UCA* for any *Gas* not subject to an *Upstream Facilities Gas Payment* or for *Tax Gas* subject to Article 14 and Exhibit P.

20.2 Existing Cost Allowances. For *Properties* included in Exhibit D that have a cost allowance on royalty oil or other royalty *Hydrocarbon Liquid* production, the *State* shall pay to each *Producer* that cost allowance under the applicable lease or other agreements in effect on the *Effective Date* for that *Property*.

20.3 Monthly Payment.

The *UCA* payment is calculated and paid each *Calendar Month* under Article 22.1 and Exhibit A. The *State's* obligation to make the *UCA* payment commences upon delivery of *Gas* to a *Delivery Point*.

Example calculations for the monthly *UCA* payment and the *Commitment Allowance* are shown in Exhibit F.

20.4 Inflation Adjustment. The \$ per *MCF* rate specified in Article 20.1 is adjusted annually for inflation as provided in Article 36.1(a) and the adjusted rate is effective on January 1 of the applicable *Calendar Year*.

ARTICLE 21 - PAYMENTS TO POLITICAL SUBDIVISIONS

21.1 Payments to Political Subdivisions. A *Participant* shall make a portion of the payments due the *State* from that *Participant* under Articles 15, 16 and 17 payable to a *Political Subdivision*, with the remaining portion payable to the *State*, as provided in Exhibit G.

21.2 New Political Subdivisions. If a new *Political Subdivision* is formed after the *Effective Date*, the *State* may provide *Notice* to a *Participant* that a portion of the payments due the *State* from that *Participant* under Articles 15, 16 and 17 is to be made payable to that new *Political Subdivision* with the remaining portion payable to the *State* and the other *Political Subdivisions* as provided in Exhibit G. The *Fiscal Obligations* under this *Contract* do not change as a consequence of the addition of payments to a new *Political Subdivision*.

21.3 Indemnification and Recourse. The *State* shall indemnify, hold harmless, and defend each *Participant* against any *Loss* resulting from claims by a *Political Subdivision* related to that *Participant's Fiscal Obligations*. A *Political Subdivision* has no right under this *Contract* to institute any administrative, judicial, or arbitration proceeding against any *Participant* regarding the performance of obligations under this *Contract*. A *Political Subdivision* has no third party beneficiary rights under this *Contract*. A *Political Subdivision's* exclusive recourse is against the *State*. The *State* shall support any *Participant's* effort to participate in any administrative, judicial, or arbitration proceeding regarding the allocation or distribution of any payments under this *Contract*.

21.4 Example Calculation. An example calculation for the amounts payable to *Political Subdivisions* is shown in Exhibit F.

ARTICLE 22 – PAYMENT OF FISCAL OBLIGATIONS

22.1 Producer and State Payments.

(a) Determination. For a *Calendar Month*, a *Producer* shall determine its or its *Affiliates'* monetary obligation to the *State* or the *State's* monetary obligation to the *Producer* or its *Affiliates*, as the case may be as follows:

(i) Producer Monetary Obligation. Sum the following payments due the *State* (collectively, “Producer Monetary Obligation”):

- (A) Any monetary payment due under Article 11.2 (Payment in Lieu of State Imposed Taxes);
- (B) Any monetary payment due under Article 11.4 (Fixed Payable Tax Increment Payment);
- (C) Any monetary payment due under Article 12 (Royalty Payment);
- (D) Any monetary payment due under Article 13 (Tax Bearing Gas Payment);
- (E) Any monetary payment due under Article 14, including Exhibit Y.4 and Exhibit Y.12 (PPT PILT Payment);
- (F) Any monetary payment due under Article 15 (Upstream Facilities Oil Payment and Upstream Facilities Gas Payment);

- (G) Any monetary payment due under Article 17 (Payment in Lieu of Oil Pipeline Ad Valorem Taxes);
 - (H) Any monetary payment due under Article 19 (Payment in Lieu of SCIT);
 - (I) Any monetary payment as part of an *Award* due the *State* from a *Producer* or its *Affiliates* under this *Contract* only, but not as part of an award due the *State* from a *Producer* or its *Affiliates* outside of this *Contract* (State Award); and
 - (J) Any reimbursement to the *State* under Article 22.3 (State Overpayment of State Monetary Obligation).
- (ii) State Monetary Obligation. Sum the following credits or payments due to the *Producer* or its *Affiliates* (collectively, “State Monetary Obligations”):
- (A) Any reimbursement under Article 11;
 - (B) Any monetary payment due under Article 11.4 (Fixed Payable Tax Increment);
 - (C) Any monetary payment due under Article 20 (Cost Allowances);
 - (D) Any monetary payment due under Article 8.3, Article 10.10, Article 22.1(g)(ii) and (iii), or Article 21.3 (Indemnification Payment);
 - (E) Any monetary payment as part of an *Award* due to a *Producer* or its *Affiliates* from the *State* under this *Contract* only, and not as a part of an award due to a *Producer* or its *Affiliates* from the *State* outside this *Contract* (Producer Award);

(F) Any carried over *Amount Due* due under Article 22.1(c)(i) (Carryover Underpayment);

(G) Credit for any monetary payments received by a *Producer* from a customer of a *State Gas* sales contract under Article 22.1(g)(i) (Sales Recoupment);

(H) Any assigned monetary value associated with a *Volume of Gas Recoupment* received by a *Producer* under Article 22.1(j) (Gas Recoupment);

(I) Any transfer of an *Amount Due* to a *Producer* under Article 22.2(d)(iii) (Transfer Reimbursement);

(J) Credit for any monetary *Political Subdivision* payments made by the *Producer* to a *Political Subdivision* to fulfill an obligation to the *State* under Article 21 and Exhibit G; and

(K) Any reimbursement to the *Producer* or its *Affiliates* under Article 22.3 (Producer Overpayment of Fiscal Obligations).

(iii) Direct Payment of State Obligation. For any *State Monetary Obligation* in Article 22.1(a)(ii), the *State* may pay that *State Monetary Obligation*, or cause it to be paid, to the *Producer* consistent with Exhibit A (“Direct State Payment”). If a *Direct State Payment* does not satisfy the full amount of the *State Monetary Obligation*, the *Producer* is entitled to recoup, offset or transfer the remaining balance as provided in Article 22.1(c).

- (iv) Net Monetary Obligation. Subtract the *State Monetary Obligation* from the sum of *Producer Monetary Obligation* plus *Direct State Payments* (“Net Monetary Obligation”).
- (b) Producer Payment to State. If the *Net Monetary Obligation* is greater than zero (“Producer Net Monetary Obligation”), then the *Producer* shall pay the *Producer Net Monetary Obligation* to the *State* by the *Payment Date*.
- (c) State Payment to Producer. If the *Net Monetary Obligation* is less than zero (“State Net Monetary Obligation”), then the *State* owes the *Producer* the absolute value of the *State Net Monetary Obligation*. The *Producer* shall invoice the *State* for the *State Net Monetary Obligation*, and the *State* may pay the *State Net Monetary Obligation* to the *Producer* by the tenth *Business Day* after the *Payment Date* consistent with Exhibit A. If the *State* does not pay the full amount of the *State Net Monetary Obligation* by the tenth *Business Day* after the *Payment Date*, the *Producer* is entitled to apply *Interest* to the *State Net Monetary Obligation* and do any, or any combination, of the following:
- (i) carry the *Amount Due* forward and recoup or offset it in the next *Calendar Month* by including it in Article 22.1(a)(ii)(F);
 - (ii) offset or recoup the *Amount Due* as provided under Article 22.1(d);
 - (iii) transfer the right to recoup or offset the *Amount Due* to a *Producer Transferee* who may exercise that right by including the *Amount Due* in Article 22.1(a)(ii)(I) or Article 22.2(b)(ii)(F), as applicable;
 - (iv) provide *Notice* to the *State* of any expectation that its *Producer Monetary Obligation* for the coming three (3) *Calendar Months* will not be sufficient to allow the *Amount Due* to be recouped or offset, in which event the *State* shall

notify the *Legislature* of the *Amount Due* so that an appropriation may be made for payment if no appropriation exists that authorizes payment; or

- (v) provide *Notice* to the *State* to recoup or offset the *Amount Due* as provided under Article 22.1(d) if there has been *Amount Due* for three (3) or more consecutive *Calendar Months*.

A *Producer Transferee* is also entitled to apply *Interest* to any unpaid amount if the *State* does not pay the full amount of any *State Net Monetary Obligation* that is transferred to that *Producer Transferee*.

(d) Recoupment or Offset of Amount Due. Subject to the limitations in Article 22.1(f), a *Producer* may recoup or offset an *Amount Due* by receiving payments under a *State Gas* sales contract (“Sales Recoupment”) as provided under Article 22.1(g)(i) or by reducing the *Volume* that the *Producer* would otherwise deliver to the *State* at a *Delivery Point* as further provided in Article 22.1(f) and Article 22.1(g) (“Gas Recoupment”). A *Producer* may exercise a right of *Sales Recoupment* or *Gas Recoupment* only if:

- (i) one (1) *Calendar Month* has elapsed after the *Producer* provided *Notice* under Article 22.1(c)(v); and
- (ii) an *Amount Due* remains.

(e) Sales or Gas Recoupment. A *Producer* may exercise *Sales Recoupment* or *Gas Recoupment* on *Tax Gas* and *Available Royalty Gas*. The *Sales Recoupment* and *Gas Recoupment* rights may be exercised:

- (i) subject to the requirements of Article 22.1(d) and (g), a *Producer* may exercise *Sales Recoupment* to receive up to fifty percent (50%) of any payments under *State Gas* sales contracts for *Tax Gas* and *Available Royalty Gas*; or

- (ii) subject to the requirements of Article 22.1(d) and (g), a *Producer* may exercise *Gas Recoupment* to reduce up to fifty percent (50%) of the *Volume* or *Quantity* of *Tax Gas* and *Available Royalty Gas* that the *Producer* would otherwise deliver to the *State* at a *Delivery Point*.
- (f) Limits to Sales or Gas Recoupment. A *Producer's* right to *Sales Recoupment* or *Gas Recoupment* greater than the *Quantity* or *Volume* of *Tax Gas* and *Available Royalty Gas* under Article 22.1(e)(i) and (ii), is subordinate to any liens, security interests, or rights to repayment granted by:
 - (i) the *State*, if and to the extent that:
 - (A) it has incurred indebtedness for borrowed money to make a firm transportation commitment to meet the credit standards established in the initial *Open Season* (including the funding of reserves necessary to establish its creditworthiness); and
 - (B) it has demonstrated that it could not have met the firm transportation commitment and credit standards required in the *Open Season* without incurring that indebtedness; or
 - (ii) the *State Capacity Holder*, if and to the extent that:
 - (A) it is an entity other than the *State*;
 - (B) it has incurred indebtedness for borrowed money either to make a firm transportation commitment to meet the credit standards established in the initial *Open Season* or to otherwise finance the creation and start-up of the *State Capacity Holder*, including the funding of reserves necessary to establish its creditworthiness; and

(C) the *State* has demonstrated that it could not have met the firm transportation commitment and credit standards required had the *State*, rather than the separate entity, made the firm transportation commitment.

The subordination described in Article 22.1(f) remains in effect until the aggregate amount of net proceeds from sales of *Gas* that is subject to the subordination provisions of Article 22.1(f) is equal to or greater than the amount of the indebtedness identified in Article 22.1(f)(i) and Article 22.1(f)(ii).

(g) Recoupment Sequence. If the *Producer* elects to recoup or offset and the conditions under Article 22.1(d) have been met, then, subject to Article 22.1(f), the *Producer* shall recoup or offset in the following order:

(i) effective with the first *Calendar Month* following the *Producer's Notice* under Article 22.1(c)(v), the *Producer* is entitled to *Sales Recoupment* and the *State* shall direct its customers to pay a part or all of the proceeds under a *State Gas* sales contract to the *Producer* for the period necessary to recoup or offset the *Amount Due*;

(ii) if the *Producer* does not receive payment in full of the *Amount Due* under Article 22.1(g)(i) by the end of the first *Calendar Month* following the *Producer's Notice* under Article 22.1(c)(v), then the *Producer* may reduce the *Volume* of *Tax Gas* that it would otherwise deliver to the *State* at the *Delivery Point*, in which case the *Producer* shall:

(A) acquire from the *State*, at the *Effective Rate*, that *Capacity* to which the *State* is committed to transport the *Gas Recoupment Volume* determined under Article 22.1(h), in which case the *State* shall indemnify,

hold harmless, and defend the *Producer* against any *Loss* arising out of or resulting from the *Producer's* performance under Article 22.1(g)(ii)(A), except in the case of gross negligence, willful misconduct, or fraud; and may

(B) acquire an assignment of part or all of *State Gas* sales contracts sufficient to sell a *Gas Recoupment Volume* as determined under Article 22.1(h), in which case the *State* shall indemnify, hold harmless, and defend the *Producer* against any *Loss* arising out of or resulting from the *Producer's* performance under Article 22.1(g)(ii)(B), except in the case of gross negligence, willful misconduct, or fraud; and

(iii) if the *Producer* does not fully recoup or offset the *Amount Due* under Article 22.1(g)(ii), then, to preserve the *Volume* of *Royalty Gas* dedicated to the Permanent Fund of Alaska under the Alaska Constitution, the *Producer* may reduce up to the full *Volume* or *Quantity* of *Available Royalty Gas* that it would otherwise deliver to the *State*, in which case the *Producer* shall:

(A) acquire from the *State*, at the *Effective Rate*, that *Capacity* to which the *State* is committed to transport the *Gas Recoupment Volume* determined under Article 22.1(h), in which case the *State* shall indemnify, hold harmless, and defend the *Producer* against any *Loss* arising out of or resulting from the *Producer's* performance under Article 22.1(g)(iii)(A), except in the case of gross negligence, willful misconduct, or fraud; and may

(B) acquire an assignment of part or all of *State Gas* sales contracts sufficient to sell a *Gas Recoupment Volume* as determined under Article 22.1(h), in which case the *State* shall indemnify, hold harmless, and defend the *Producer* against any *Loss* arising out of or resulting from the *Producer's* performance under Article 22.1(g)(iii)(B), except in the case of gross negligence, willful misconduct, or fraud.

(h) Determination of Gas Recoupment Volume. For purposes of *Gas Recoupment*, the amount of the *Volume* for receiving payment under the *State Gas* sales contract or reduction at a *Delivery Point* ("Gas Recoupment Volume") is determined as follows:

(i) divide the *Amount Due* by the difference between:

(A) either the *AECO Price* for the prior *Calendar Month*, or, if the *Producer* is receiving payments under Article 22.1(g)(i) or if the *Producer* elects to take assignment of part or all of a pre-existing *State* contract under Article 22.1(g)(ii) or 22.1(g)(iii), the *Gas* price at the point where title passes to the customer under the *State Gas* sales contract; and

(B) either the cost of service rate for the transportation, treating, fuel and other costs, fees, or charges expressed in *\$/MMBTU*, applicable to the delivery of *Gas* from the *Delivery Point* to the destination, or if the *Producer* acquires *Capacity* from the *State* under Article 22.1(g)(ii) or 22.1(g)(iii), the *Effective Rate* for the *Capacity* that was acquired;

(ii) divide the results in Article 22.1(h)(i) by the *Heating Value* for *Gas* at that *Delivery Point* for the prior *Calendar Month*.

(i) Determination of Gas Recoupment Value. For purposes of *Gas Recoupment*, the value assigned for the *Volume* in Article 22.1(d) recouped or offset in each *Calendar Month* is determined as follows:

(i) if the *Amount Due* is satisfied under Article 22.1(g)(i), the actual amount paid to the *Producer* under Article 22.1(g)(i);

(ii) if the *Amount Due* is satisfied under Article 22.1(g)(ii) or 22.1(g)(iii) and the *Producer* does not acquire an assignment of any part of a *State Gas* sales contract, the product of:

(A) the difference between the *AECO Price* and either the *Alaska to Alberta Tariff* or, if the *Producer* elects to acquire *Capacity* from the *State* under Article 22.1(g)(ii)(A) or 22.1(g)(iii)(A), the *Effective Rate* for the *Capacity* that was acquired ; and

(B) the actual *Gas Recoupment Volume* sold by the *Producer* under a *Producer Gas* sales contract under Article 22.1(g)(ii) or 22.1(g)(iii); or

(iii) if the *Amount Due* is satisfied under Article 22.1(g)(ii) or 22.1(g)(iii) and the *Producer* acquires assignment of any part of a *State Gas* sales contract, the product of:

(A) the difference between the *Gas* price at the point where title passes to the customer under the *State Gas* sales contract assigned to the *Producer* and either the *Alaska to Alberta Tariff* or, if the *Producer* elects to acquire *Capacity* from the *State* under Article 22.1(g)(ii)(A) or 22.1(g)(iii)(A), the *Effective Rate* for the *Capacity* that was acquired, and

- (B) the actual *Gas Recoupment Volume* sold by the *Producer* under a *State Gas* sales contract under Article 22.1(g)(ii) or 22.1(g)(iii);
- (j) Notice. Before commencing or before ceasing *Gas Recoupment*, a *Producer* shall provide timely operational *Notice* to the *State*, and the *State* shall cooperate with the *Producer* by providing appropriate information to effect the *Gas Recoupment*.
- (k) Example Calculation. An example calculation of the *Gas Recoupment Volume* and value is provided in Exhibit F.

22.2 Midstream Entity and State Payments.

- (a) Impact Payment Obligation. The *Mainline Entity* shall make *Impact Payments* under Article 18 and those payments are not subject to recoupment or offset under Article 22.
- (b) Determination. For a *Calendar Month*, a *Midstream Entity* shall determine its monetary obligation to the *State* or the *State's* monetary obligation to a *Midstream Entity*, as the case may, be as follows:
 - (i) Midstream Entity Monetary Obligation. Sum the following payments (collectively, "Midstream Entity Monetary Obligation"):
 - (A) Any monetary payment due under Article 11.2 (Payment in Lieu of State Imposed Taxes);
 - (B) Any monetary payment due under Article 11.4 (Fixed Payable Tax Increment Payment);
 - (C) Any monetary payment due under Article 16 (Midstream Payment);

(D) Any monetary payment due under Article 19 (Payment in Lieu of SCIT);

(E) Any monetary payment as part of an *Award* due to the *State* from a *Midstream Entity* under this *Contract* only, but not as part of an award due to the *State* from a *Midstream Entity* outside this *Contract* (State Midstream Award); and

(F) Any reimbursement to the *State* under Article 22.3 (State Overpayment of State Midstream Monetary Obligation).

(ii) State Midstream Monetary Obligation. Sum the following credits or payments due to a *Midstream Entity* (collectively, “State Midstream Monetary Obligation”):

(A) Any reimbursement under Article 11;

(B) Any monetary payment due under Article 11.4 (Fixed Payable Tax Increment Payment);

(C) Any monetary payment due under Article 8.3 or Article 21.3 (Indemnification Payment);

(D) Any monetary payment as part of an *Award* due to the *Midstream Entity* from the *State* under this *Contract* only, but not as part of an award due to the *Midstream Entity* from the *State* outside this *Contract* (Midstream Entity Award);

(E) Any carried over *Midstream Amount Due* due under Article 22.2(d)(i) (Carryover Underpayment);

- (F) Any transfer of an *Amount Due* to a *Midstream Entity* under Article 22.1(c)(iii) (Transfer Reimbursement);
 - (G) Credit for any monetary *Political Subdivision* payments made by the *Midstream Entity* to a *Political Subdivision* to fulfill an obligation to the *State* under Article 21 and Exhibit G; and
 - (H) Any reimbursement to the *Midstream Entity* under Article 22.3 (Midstream Entity Overpayment of Fiscal Obligations).
- (iii) Direct Payment of State Obligations. For any *State Midstream Monetary Obligation* in Article 22.2(b)(ii), the *State* may pay that *State Midstream Monetary Obligation*, or cause it to be paid, to the *Midstream Entity* consistent with Exhibit A (“Direct State Midstream Payment”). If a *Direct State Midstream Payment* does not satisfy the full amount of the *State Monetary Obligation*, the *Midstream Entity* is entitled to recoup, offset, or transfer the remaining balance as provided in Article 22.2(d).
- (iv) Net Midstream Monetary Obligation. Subtract the *State Midstream Monetary Obligation* from the sum of the *Midstream Entity Monetary Obligation* plus the *Direct State Midstream Payments* (“Net Midstream Monetary Obligation”).
- (c) Midstream Entity Payment to State. If the *Net Midstream Monetary Obligation* is greater than zero (“Midstream Entity Net Midstream Monetary Obligation”), then the *Midstream Entity* shall pay the *Midstream Entity Net Midstream Monetary Obligation* to the *State* by the *Payment Date*.

(d) State Payment to Midstream Entity. If the *Net Midstream Monetary Obligation* is less than zero (“State Net Midstream Monetary Obligation”), then the *State* owes the *Midstream Entity* the absolute value of the *State Net Midstream Monetary Obligation*. The *Midstream Entity* shall invoice the *State* for the *State Net Midstream Monetary Obligation*, and the *State* may pay the *State Net Midstream Monetary Obligation* by the tenth *Business Day* after the *Payment Date* consistent with Exhibit A. If the *State* does not pay the full amount of the *State Net Midstream Monetary Obligation* by the tenth *Business Day* after the *Payment Date*, the *Midstream Entity* is entitled to apply *Interest* to the *State Net Midstream Monetary Obligation* (“Midstream Amount Due”) and do any, or any combination, of the following:

- (i) carry the *Midstream Amount Due* forward and recoup or offset it in the next *Calendar Month* by including it in Article 22.2(b)(ii)(E);
- (ii) recoup or offset the *Midstream Amount Due*, if not incorporated in its rate, against distributions due to the *State* member of the *Midstream Entity*, provided that this right to recoup or offset is subordinate to:
 - (A) the payment of all amounts then currently due and payable (including principal, interest, fees, debt service reserve funding, and indemnity obligations) under the terms of the *State Project Indebtedness*; and
 - (B) any security interest or lien granted to a lender to secure the *State Project Indebtedness*; or
- (iii) transfer the right to recoup or offset to a *Midstream Entity Transferee*, who may exercise that right by including the *Amount Due* in Article 22.1(a)(ii)(I)

or Article 22.2(b)(ii)(F), as applicable. The *Midstream Entity* may not transfer an amount that either is in excess of the *State Net Midstream Monetary Obligation* or has been incorporated in its rate. If the *Midstream Entity* expects that its *Midstream Entity Monetary Obligation* for the coming three (3) *Calendar Months* will not be sufficient to allow the *State Net Midstream Monetary Obligation* to be recouped or offset, the *Midstream Entity* may provide *Notice* to the *State* of its expectation and if no appropriation exists that authorizes payment, the *State* shall notify the *Legislature* of the outstanding obligation so that an appropriation may be made for payment.

For purposes of the Internal Revenue Code, the offset or recoupment of a *Midstream Amount Due* by a *Midstream Entity* against the distributions due the *State* member is deemed to be a distribution from that *Midstream Entity* to the *State* member. A *Midstream Entity Transferee* is also entitled to apply *Interest* if the *State* does not pay the full amount of any *State Net Midstream Monetary Obligation* that is transferred to that *Midstream Entity Transferee*.

22.3 Overpayment. If a *Participant* or its *Affiliate* makes a payment under this *Contract* in excess of its *Fiscal Obligation*, that *Participant* may include that payment in the *State Monetary Obligation*, or *State Midstream Monetary Obligation*, as applicable. The *State* shall reimburse that *Participant* for those overpayments except as provided in Article 11. If the *State* makes a payment under this *Contract* in excess of its obligations under this *Contract*, the *Participant* may include that payment in either the *Producer Monetary Obligation* or *Midstream Entity Monetary Obligation*, as applicable. The *Participant* shall reimburse the *State* for those overpayments.

22.4 Reporting and Payment Procedures. The *Parties* shall provide reports, provide invoices, make payments and maintain books and records relating to those reports, invoices and payments under Article 22 and Exhibit A.

ARTICLE 23 - POINT THOMSON

23.1 PTU Owner Obligations.

(a) Open Season Commitment. Each *Producer* shall commit its share of no less than five hundred million cubic feet per *Day* (500 *MMCF/D*) of *PTU Gas* to the *Project*, as provided in Article 23.1(b), by either entering into:

- (i) a binding precedent agreement in the initial *Open Season* for the *Mainline*,
or
- (ii) a sale of *Gas* to a non-*Affiliated Person* before the initial *Open Season* for the *Mainline*.

(b) Each *Producer's* share of *PTU Gas* under Article 23.1(a), under ownership as of the *Effective Date* is as follows:

- (i) for *BP*, one hundred twenty-eight million cubic feet per *Day* (128 *MMCF/D*);
- (ii) for *CP*, twenty million cubic feet per *Day* (20 *MMCF/D*); and
- (iii) for *EM*, one hundred forty-eight million cubic feet per *Day* (148 *MMCF/D*).

(c) Alaska Oil and Gas Conservation Commission Conservation Orders. The *Producers* shall apply to the Alaska Oil and Gas Conservation Commission within six (6) months of the *Effective Date* for issuance of pool rules to authorize the field *Gas* offtake rate for *PTU Gas*.

23.2 Temporary Suspension by State of Certain PTU Obligations. Subject to Article 23.3, from the *Effective Date* until the *Reinstatement Date* (“Suspension Period”), the *DNR* shall not:

- (a) enforce the provisions of the “Agreement Resolving All Pending Point Thomson Unit Expansion/Contraction Matters and Proceedings” dated July 31, 2001, or the “Findings and Decision of the Director, Division of Oil and Gas” on the “Point Thomson Unit Application for the Second Expansion and Third Contraction of the Unit Area” dated May 24, 2002 (collectively, the “Expansion Agreement”);
- (b) terminate the *PTU* or any *Property* within the *PTU*;
- (c) enforce any obligation that the *PTU Owners* prepare, and obtain approval from the *DNR* of a plan of development (“POD”); or
- (d) alter or modify the rate of development or operations for the *PTU*.

23.3 Termination of PTU Suspension.

- (a) Upon thirty (30) *Days Notice*, the *State* may terminate the *Suspension Period* before the *Reinstatement Date* if:
 - (i) the *PTU Owners* or the *PTU* operator fail to pay annual *PTU* lease rentals consistent with the applicable leases, after receiving *Notice* and opportunity to cure the failure of at least thirty (30) *Days*;

- (ii) the *Producers* fail to satisfy their obligations under Article 23.1;
 - (iii) this *Contract* is terminated under Article 5.5; or
 - (iv) this *Contract* otherwise terminates.
- (b) If the *State* terminates the *Suspension Period* under Article 23.3(a), then to retain the expansion leases as described in the *Expansion Agreement*:
 - (i) the *PTU Owners* shall begin development drilling in the *PTU* within one (1) year after the effective date of the termination of the *Suspension Period*;
 - (ii) the *PTU Owners* shall drill seven (7) development wells in the *PTU* within three (3) years after the effective date of the termination of the *Suspension Period*; and
 - (ii) the *PTU Owners* shall submit a *POD* under the *PTUA*, the *PTU* leases and *Law*, subject to Article 23.4.
- (c) If the *Suspension Period* has not terminated before the *Reinstatement Date*, then on the *Reinstatement Date*:
 - (i) the *PTU Owners* are excused from any outstanding obligations under the *Expansion Agreement*; and
 - (ii) the *Suspension Period* automatically terminates and the *PTU Owners* shall submit a *POD* under the *PTUA*, the *PTU* leases, and *Law*, subject to Article 23.4.

23.4 Obligation to Submit the POD. Before or on the first to occur of:

- (a) the *Reinstatement Date*; or
- (b) termination of the *Suspension Period*,

(collectively, the “Resumption Date”), the *PTU Owners* shall submit a *POD* under the *PTUA*, the *PTU* leases, and *Law* except:

- (i) the *PTU Owners* may submit the *POD* within nine (9) months of the *Resumption Date*, and
- (ii) during that nine (9) month period the *State* shall not terminate the *PTUA* or any *Property* within the *PTU*.

ARTICLE 24 - MEASUREMENT

24.1 Measurements.

- (a) Generally. A measurement or allocation (“Measurement”) used by the *Producers* to account among themselves must be the same as the *Measurement* used to account between the *Participants* and the *State*.
- (b) Volumes. For monetary payments or deliveries of *Gas* based on a *Volume*, a *Party* shall use the *Measurements* provided by the *Project Entity* owning the *Midstream Element* or other *Person* responsible for making those *Measurements*.
- (c) Quantities. For monetary payments or deliveries of *Gas* based on *Quantity*, a *Party* shall use *Measurements* provided by the *Project Entity* owning the *Midstream Element* or other *Person* responsible for making those *Measurements*.
- (d) Composition of Gas. *Gas* delivered to the *State* at each *Delivery Point* must be of the same composition as *Gas* delivered to the *Producers* at that *Delivery Point*.
- (e) Barrels of Hydrocarbon Liquids. For payments based on *Barrels of Hydrocarbon*

Liquids, a *Party* shall use *Measurements* provided by the *Person* responsible for making those *Measurements*.

(f) Composition of Hydrocarbon Liquids. *Hydrocarbon Liquids* delivered to the *State* at each delivery point must be of the same composition as *Hydrocarbon Liquids* delivered to the *Producers* at that delivery point.

(g) Alternative Arrangements. The affected *Parties* may create procedures or other agreements to ensure that *Measurements* of *Volumes*, *Quantities*, compositions of *Gas*, and *Barrels* of *Hydrocarbon Liquids* are accurately and consistently undertaken.

24.2 Adjustments. If a *Producer's Royalty Gas* or *Tax Gas* obligations must be adjusted because of a change in a *Measurement*, that adjustment must be made prospectively in proportion to that *Producer's* share of *Royalty Bearing Gas* or *Tax Bearing Gas*, without any monetary compensation. If two (2) or more *Producers* make a monetary adjustment or payment among themselves as a result of a *Measurement* adjustment, a proportionate monetary adjustment or payment must be made between the affected *Producers* and the *State*.

ARTICLE 25 - AUDIT

25.1 General Audit Scope and Procedures. The scope of an audit is limited to the *Audit Documents* necessary to verify satisfaction of a *Participant's Fiscal Obligations*. The *State* shall complete each audit and issue a final written audit report ("Audit Report") containing all *Audit Exceptions* related to the applicable *Calendar Year*, *SCIT Calendar Year*, *Calendar Years*, or *SCIT Calendar Years* audited, and information sufficient to support each *Audit Exception*.

Article 25 and Exhibit B provide the exclusive scope, procedures and rights for audits by the *State* under this *Contract*.

25.2 Audit Period. The *State* shall complete all audits and issue a final written audit report within the time period specified in Article 25.2 (“Audit Period”). The *Audit Period* is:

- (a) three (3) years from the return due date, the extended return date, or the date the initial return or amended return was filed, whichever occurs last, for an audit under Article 19;
- (b) three (3) years after the end of the *Calendar Year* in which the report being audited was filed, for an audit under Articles 12, 13, 14, 15, 16, 17, and 20, and associated *Measurements* under Article 24;
- (c) two (2) years after the end of the *Calendar Year* in which the report or invoice being audited was filed for all other Articles; or
- (d) for those items under Articles 25.2(b) and 25.2(c) amended by subsequent returns, reports, or invoices, the amended *Audit Period* is two (2) years from the *Day* the amended return, report, or invoice is filed.

25.3 Additional Provisions Regarding Audits of Payment in Lieu of SCIT. Any audit of *Payment in Lieu of SCIT* the *State* conducts shall be under Article 25 and Exhibit B, supplemented as follows:

- (a) Federal Adjustments. If an adjustment is made to a reported federal income tax by either the federal government or a *Participant* (“Federal Adjustment”) and that adjustment becomes final and modifies the amount the *Participant* should have paid as its

Payment in Lieu of SCIT for a prior *SCIT Calendar Year*, then the *Participant* shall recalculate and file an amended consolidated return for the applicable *SCIT Calendar Year*. The consolidated return must:

- (i) be filed within sixty (60) *Days* after all *Federal Adjustments* for that *Calendar Year* become final;
 - (ii) report the changes created by the *Federal Adjustments*; and
 - (iii) include revenue agent's reports, or the equivalent federal forms, issued to that *Participant* or any member of its *Unitary Business* documenting the federal changes that have become final.
- (b) Amended Payment in Lieu of SCIT. A *Federal Adjustment* becomes final when either the *Participant* or the federal government has exhausted its rights of appeal under federal *Law*. The *Participant* shall ensure that the *Audit Documents* necessary to support the changes to the calculation of any amended *Payment in Lieu of SCIT* are maintained and made available to the *State* upon request after any *Federal Adjustment* becomes final. The *State* may audit that amended consolidated report for only those items that were changed or affected by the *Federal Adjustment*.
- (c) IRS Tax Information. If the Internal Revenue Service indicates that it will no longer provide information because it believes that the *State* is no longer enforcing a *Tax*, the *Parties* agree to cooperate in creating an alternative procedure for providing and verifying *Audit Documents* on a timely basis.
- (d) No State Audit of Federal Items. The following are subject to audit by the Internal Revenue Service and not subject to audit, absent a showing of good cause, by the *State*:

- (i) the amount of items of income and expense that are recognized in the determination of ordinary income for federal income tax purposes, whether business or non-business in nature under the text of AS 43.19.010;
 - (ii) the amount of items of expenditure or contribution that give rise to a federal income tax credit that is adopted for *State* purposes under the text of AS 43.20 without change to the amount or kind of expense that is allowable for the corresponding *State* credit, apart from limiting the percentage of the federal expense that is so allowed;
 - (iii) the amount of any other item, reported on the federal income tax return (including materials filed with it) by a *Participant* or the federal consolidated group of which the *Participant* is a part, that is not subject to modification, limitation, or disallowance, in whole or in part, under the text of any *State Law* incorporated by reference in Article 19.2(b) for purposes of determining the amount of the *Participant's* taxable income under those *Laws*.
- (e) No State Audit of Foreign Counterparts to Non-Auditable Federal Items. Under 15 AAC 20.300(f), a *Participant* or its *Affiliate* may elect to report financial statement income as the “federal taxable income” (as the term is defined or used for purposes of AS 43.20.072 and 15 AAC 20.300) for the foreign corporations within its consolidated business that are not part of its federal consolidated group and are not “controlled foreign corporations” (as the latter term is defined for federal purposes). Absent a showing of good cause, the *State* may not audit the amount of any item of financial statement income so reported, or the amount of any item in the determination of that income, that

corresponds to or is the counterpart of any item or items described in Article 25.3(b)(i), (ii), or (iii).

(f) State Audits. Despite any provision relating to audit in the text of AS 43.20, the audit of *Payment in Lieu of SCIT* is governed by Article 25.

25.4 Additional Provisions Regarding Audits of Article 14. The *State* may conduct audits for Article 14 under Exhibit B as supplemented by Exhibit P and Exhibit Y.

PART E - DISPUTE RESOLUTION**ARTICLE 26 - MANDATORY DISPUTE RESOLUTION**

26.1 Agreement to Mandatory Dispute Resolution. Each *Dispute* is to be exclusively and finally resolved by the amicable resolution and arbitration procedures specified under Exhibit C, except for a *Dispute* to judicially enforce or vacate any *Award*, order, or judgment rendered under Exhibit C.

26.2 Forum and Jurisdiction. The *Parties* waive any defense based on immunity under Article 26 and Exhibit C. An *Award* rendered under Exhibit C is final and may be entered and enforced in any Superior Court in *Alaska* (“Superior Court”) and thereafter, the judgment entered in *Alaska* may be entered and enforced in any state court in the United States having jurisdiction. If a *Party* to the *Dispute* commences an action in *Superior Court* seeking entry and enforcement of an *Award* (“*Proceeding*”) and the *Superior Court* does not enter a final judgment in that *Proceeding* within three hundred sixty-five (365) *Days* from the commencement of that *Proceeding*, the *Award* may be entered and enforced in any state court in the United States having jurisdiction. For such purposes, the *Parties* consent to be sued in those courts in their own name, and in the name of their officials in their official capacities.

26.3 Governing Law. Except as provided in Exhibit C.10(a), the *Laws* of the State of Alaska, without giving effect to its conflict of *Laws* principles, govern any *Dispute* submitted to arbitration or a court.

26.4 Survival. Article 26 and Exhibit C survive the termination of this *Contract* or a withdrawal by any *Withdrawing Participant* under Article 31.

26.5 Payment of a Monetary Award. To the extent an *Award* is not recouped under Article 22, a *Party* may enforce that *Award* under Article 26.2.

ARTICLE 27 - JUDICIAL CHALLENGE AND ORDER

27.1 Judicial Challenge. The *State* shall not initiate any action or proceeding challenging the constitutionality, validity, legality or enforceability of any part of the *SGDA*, the *Authorization Act*, or this *Contract* (collectively “Judicial Challenge”). In the event of a *Judicial Challenge*, the *Parties* have the following rights, privileges and obligations:

(a) Defense Against Judicial Challenges. The *Parties* shall defend against any *Judicial Challenge* and shall support the constitutionality, validity, legality, or enforceability of each part of the *SGDA*, the *Authorization Act*, and this *Contract*. Each *Party* shall support the right of each other *Party* to intervene in the defense against any *Judicial Challenge*.

(b) Participant Suspension. Subject to Article 27.2, if a *Judicial Challenge* occurs before the *Commencement of Commercial Operations*, the *Mainline Entity* may suspend any of its obligations under this *Contract* by providing the *State* with a *Notice* (“Judicial Suspension Notice”). The *Mainline Entity* may issue a *Judicial Suspension Notice* before

the entry of the final non-appealable judicial order (“Order”) resolving all matters raised in the *Judicial Challenge*. Except as provided below, if the *Mainline Entity* issues a *Judicial Suspension Notice*, any other *Participant* (“Judicially Impacted Participant”) may suspend any of its obligations under this *Contract* by providing a *Judicial Suspension Notice* to the *State* and all *Participants*. The effective date and term of a *Judicially Impacted Participant’s Judicial Suspension Notice* is the same as the effective date and term of the *Mainline Entity Judicial Suspension Notice*.

(i) The *Judicial Suspension Notice* remains in effect until terminated by the earlier of *Notice* to the *State* by the *Mainline Entity* or ninety (90) *Days* after the date of entry of the *Order*.

(ii) During any period in which a *Mainline Entity Judicial Suspension Notice* is in effect:

(A) except for the payments required by Articles 14, 15, 17 and 19, each *Mainline Entity* or *Judicially Impacted Participant* obligation identified in the *Judicial Suspension Notice* is suspended and no action is required by the *Mainline Entity* or *Judicially Impacted Participants* regarding those obligations;

(B) each *Party* bears its own costs incurred in connection with any suspension under Article 27; and

(C) no penalty or *Interest* accrues on amounts that would otherwise be payable by the *Mainline Entity* or *Judicially Impacted Participants* to the *State*.

(iii) Following termination of the *Mainline Entity Judicial Suspension Notice*, the time for performance of all obligations identified in each *Judicial Suspension Notice* is extended by the number of *Days* equal to the number of *Days* that the *Mainline Entity Judicial Suspension Notice* was in effect.

(iv) The *Mainline Entity* may amend its *Judicial Suspension Notice*. The amended *Judicial Suspension Notice* relates back to the original *Judicial Suspension Notice* and the effective date of the amended *Judicial Suspension Notice* is that of the original *Judicial Suspension Notice*. The provisions of Article 27.1(b)(i) through (b)(iii) apply to any amended *Judicial Suspension Notice*.

27.2 Limits on Suspension and State Option.

(a) Limits on Suspension. The *Mainline Entity* and *Judicially Impacted Participants* may not exercise rights under Article 27.1(b) until the earlier of:

- (i) fifteen (15) months from the *Effective Date*;
- (ii) the conclusion of *Project* planning, as described in Article 5.2; or
- (iii) a cumulative total of at least one hundred twenty million *Dollars* (\$120,000,000) to advance *Project* planning has been spent by *Project Entities*.

(b) State Option. If the *Mainline Entity* desires to suspend its obligations as provided in Article 27.1(b), but the *Participants* have not completed *Project* planning as described in Article 5.2, then the *Mainline Entity* shall provide *Notice* to the *State* and all other *Participants* of its intent to suspend. By giving *Notice* to all *Participants* within fifteen

(15) *Days of the Mainline Entity Notice* of intent to suspend, the *State* may exercise an option to fund, at its sole cost and expense, continued *Project* planning until:

- (i) *Project* planning is concluded, as described in Article 5.2; or
- (ii) the *State* has funded an additional forty-five million *Dollars* (\$45,000,000).

Thereafter, the *Mainline Entity* and *Judicially Impacted Participants* may suspend their obligations as provided in Article 27.1(b).

(c) Exercise of State Option. If the *State* exercises its Article 27.2(b) option, then it shall fund all capital contributions requested by any *Project Entity* up to forty-five million *Dollars* (\$45,000,000) to continue *Project* planning. If the *State* fails to fund any capital contributions, the *Mainline Entity* and *Judicially Impacted Participants* may suspend their obligations as provided in Article 27.1(b).

(d) State Reimbursement. After the *Order*, if this *Contract* remains in effect, the *State* shall be reimbursed through each *Project Entity* by adjusting capital contributions to bring the cumulative capital contributions of the *Project Entity* members into alignment with their respective sharing ratios as quickly as possible.

27.3 Judicial Order. Except as provided in Article 6.8,

- (a) if:
 - (i) any *Order* holds any part of the *SGDA*, the *Authorization Act*, or this *Contract* unconstitutional, invalid, illegal, or unenforceable; or

(ii) the *Order* leaves open for future decision any material issue regarding the constitutionality, validity, legality, or enforceability of the *SGDA*, the *Authorization Act*, or this *Contract*;

(b) then:

(i) any *Participant* may terminate its participation under this *Contract* by providing *Notice* to the *State* within sixty (60) *Days* of the date of the *Order* (“Terminating Participant”). The termination is effective upon the *State’s* receipt of the *Notice*. If all *Participants* do not terminate their participation under this *Contract*, then this *Contract* remains in effect, as amended, by the remaining *Parties* as a result of the *Order*; and

(ii) a *Terminating Participant* under Article 27.3 is discharged from any further obligations, except as to any rights, privileges or obligations under this *Contract* that accrued before the earlier of the:

- (A) effective date of the *Judicial Suspension Notice*, if applicable, or
- (B) date of entry of the *Order*.

ARTICLE 28 - ADMINISTRATIVE TERMINATION

28.1 Administrative Termination. During the *Administrative Termination Period*, the *Commissioner* may initiate administrative termination of one or more *Participant's* rights, privileges and obligations ("Affected Participant") under this *Contract* by giving *Notice* to all *Participants* ("Administrative Termination Notice") if the *Commissioner* believes that:

- (a) the *Participants* have ceased to meet the requirements of a *Qualified Sponsor Group*; or
- (b) the *Affected Participant* intentionally or fraudulently misrepresented, in whole or in part, material facts or circumstances upon which this *Contract* was made.

28.2 Process Following Notice.

- (a) Opportunity to Cure. The *Commissioner* shall allow the *Affected Participant* seventy-five (75) *Days* from the date of the *Administrative Termination Notice* to cure the alleged deficiency and breach.
- (b) Disputed Notice. If the *Affected Participant* disputes the *Administrative Termination Notice*, it shall provide a *Notice of Dispute* to the *State* within seventy-five (75) *Days* of the *Affected Participant's* receipt of the *State's Notice*. The *Dispute* will be resolved under Article 26. Pending final resolution of the *Dispute*, this *Contract* remains in effect.
- (c) Suspension by Participants. If the *Commissioner* issues an *Administrative Termination Notice* seeking to terminate the rights of all *Participants*, the *Mainline Entity* may suspend any of its obligations under this *Contract* by providing the *State* with a

Notice (“Administrative Suspension Notice”). The *Mainline Entity* may issue an *Administrative Suspension Notice* before the entry of the final non-appealable resolution of the *Dispute*. Except as provided below, if the *Mainline Entity* issues an *Administrative Suspension Notice*, any other *Participant* may suspend any of its obligations under this *Contract* by providing an *Administrative Suspension Notice* to the *State* and all *Participants* (“Administratively Impacted Participant”). The effective date and term of an *Administratively Impacted Participant’s Administrative Suspension Notice* is the same as the effective date and term of the *Mainline Entity Administrative Suspension Notice*.

(i) The *Administrative Suspension Notice* remains in effect until either terminated by *Notice* to the *State* by the *Mainline Entity* or seventy-five (75) *Days* after the date of the final non-appealable resolution of the *Dispute*.

(ii) During any period in which an *Administrative Suspension Notice* is in effect:

(A) except for the payments required by Articles 14, 15, 17 and 19, each *Mainline Entity* or *Administratively Impacted Participant* obligation identified in the *Administrative Suspension Notice* is suspended and no action is required by the *Mainline Entity* or *Administratively Impacted Participants* regarding those obligations;

(B) each *Party* bears its own costs incurred in connection with any suspension under Article 28; and

(C) no penalties or *Interest* accrues on amounts that would otherwise be payable by the *Mainline Entity* or *Administratively Impacted Participants* to the *State*.

(iii) Following termination of the *Mainline Entity Administrative Suspension Notice*:

(A) if the final non-appealable resolution of the *Dispute* determines that the condition described in Article 28.1 has not occurred, then the time for performance of all obligations identified in each *Administrative Suspension Notice* is extended by a number of *Days* equal to the number of *Days* that the *Mainline Entity Administrative Suspension Notice* was in effect; or,

(B) if the final non-appealable resolution of the *Dispute* determines that the condition described in Article 28.1 occurred, then the *Affected Participant's* rights, privileges and obligations under this *Contract* terminates.

(iv) The *Mainline Entity* may amend its *Administrative Suspension Notice*. The amended *Administrative Suspension Notice* relates back to the original *Administrative Suspension Notice* and the effective date of the amended *Administrative Suspension Notice* is that of the original *Administrative Suspension Notice*. The provisions of Article 28.2(c)(i) through (c)(iii) apply to any amended *Administrative Suspension Notice*.

28.3 No Termination After Administrative Termination Period. After the end of the *Administrative Termination Period* and *Notice* by the *Participants* to the *State* of that end, the *State* is not entitled to terminate this *Contract* under Article 28.

28.4 Effect of Termination. If an *Affected Participant's* rights, privileges and obligations are terminated, this *Contract* continues in effect among the other *Parties*. The *Affected Participant* is discharged from any further obligations, except as to any rights, privileges or obligations under this *Contract* that accrued before the earlier of the:

- (a) effective date of the *Mainline Entity Administrative Suspension Notice*, if applicable; or
- (b) effective date of the termination of the *Affected Participant's* rights, privileges and obligations.

PART F - COMMUNICATIONS**ARTICLE 29 - CONFIDENTIALITY****29.1 Obligation to Maintain Confidentiality.**

(a) Except as provided in Articles 29.1(b) and 29.4(b), the *Parties* shall keep *Confidential Information* and *Derivative Material* confidential. A receiving *Party* shall not disclose any *Confidential Information* or *Derivative Material* to any *Person*, except:

- (i) with the providing *Party's* prior written consent; or
- (ii) as otherwise provided in this *Contract*.

(b) If a document contains both *Non-Confidential Information* and *Confidential Information* or *Derivative Material*, a *Party* who redacts *Confidential Information* or *Derivative Material* from the document is not required to maintain the redacted document as confidential.

29.2 Use of Information. A receiving *Party* may use *Confidential Information* or *Derivative Material* solely to implement or enforce or fulfill its rights, privileges or obligations under this *Contract*, except that the *State* may disclose, subject to Article 29.3, *Confidential Information* or *Derivative Material* to members, permanent employees, agents, and contractors of the *Legislature*. A receiving *Party* shall promptly notify the providing *Party* of any unauthorized use or disclosure of *Confidential Information* or *Derivative Material* and shall assist the providing *Party* in remedying each unauthorized use or disclosure. Neither the receiving *Party's*

assistance nor the providing *Party's* acceptance of the assistance waives any breach of Article 29.

29.3 Permitted Disclosures. A receiving *Party* may disclose *Confidential Information* or *Derivative Material* only to its *Representatives* and to members, permanent employees, agents, and contractors of the *Legislature* who:

- (a) require the *Confidential Information* or *Derivative Material* for the permitted use specified in Article 29.2;
- (b) are informed in writing by that *Party* of the confidential nature of the *Confidential Information* or *Derivative Material*; and
- (c) agree in writing to be bound by the obligations of Article 29.

29.4 Return, Destruction and Release of Confidential Information.

(a) Contract Termination. Upon the termination of this *Contract*, each *Party* and its *Representatives* shall promptly:

- (i) return to the providing *Party* all *Confidential Information*;
- (ii) erase or destroy all *Derivative Material*, including any on electronic devices; and
- (iii) provide *Notice* to the providing *Party* that it has taken the actions required under Article 29.4(a)(i) and (a)(ii);

unless subject to an ongoing *Dispute*, *Audit Exception*, or otherwise obligated by *Law* to retain the *Confidential Information*.

- (b) Right to Release. *Confidential Information* becomes *Non-Confidential* after a period of ten (10) years from the date provided to a receiving *Party* unless:
- (i) it is required to be kept confidential under *State Law*; or
 - (ii) a *Party* has given *Notice* that continued confidentiality is necessary to protect its proprietary information or competitive position.
- (c) Request. Upon request by *Notice* from a providing *Party*, a receiving *Party* shall return, erase or destroy *Confidential Information* and *Derivative Material*, unless subject to an ongoing *Dispute*, *Audit Exception*, or otherwise obligated by *Law* to retain the *Confidential Information*.

29.5 Compelled Disclosures.

- (a) Notification, Consultation and Protective Orders. If a receiving *Party* or its *Representative* is requested, becomes legally compelled, or is required by a court or governmental body to disclose any *Confidential Information* or *Derivative Material*, the *Party* shall:
- (i) promptly provide *Notice* to the providing *Party*;
 - (ii) cooperate with the providing *Party* in obtaining an appropriate remedy to prevent the disclosure; and
 - (iii) if disclosure cannot be prevented, use reasonable efforts to obtain reliable assurance that any disclosed *Confidential Information* or *Derivative Materials* are kept confidential.
- (b) Right to Disclose. After complying with Article 29.5(a), the receiving *Party* or its *Representative* may furnish only that portion of the *Confidential Information* or

Derivative Materials that it or its *Representative* is legally compelled or otherwise required to disclose.

29.6 Confidentiality of Project Information.

(a) Request for Confidentiality. A *Participant* may request confidential treatment of *Project Information* that the *Participant* provides to the *State* by identifying the information and the reasons supporting the request for confidential treatment. The *State* shall keep the information confidential until the *State* determines whether the requirements of Article 29.6(b) are met. If the *State* has not made a determination within fourteen (14) *Days* after receiving a request for confidential treatment, the request is considered granted and the information must be treated as *Confidential Information*. If the *State* determines that the information does not meet the requirements of Article 29.6(b), the *State* shall provide *Notice* to the *Participant* of the *State's* decision that includes the reasons for denying the request ("Notice of Decision") and shall maintain the confidentiality of the *Project Information* for fourteen (14) *Days* after the effective date of the *Notice of Decision*. If the *Participant* does not provide a *Notice of Dispute* to the *State* within fourteen (14) *Days* of its receipt of the *Notice of Decision*, the *State* may treat the information as public information. If the *Participant* gives a *Notice of Dispute* to the *State* within fourteen (14) *Days* of receipt of the *State's* *Notice of Decision*, the *State* shall maintain the confidentiality of the *Project Information* until the *Dispute* is finally resolved under Exhibit C.

(b) Determination of Confidentiality. If requested by the providing *Participant*, *Project Information* provided to the *State* must be treated as *Confidential Information* if, upon an adequate showing by the *Participant*, the *Project Information*:

- (i) is a trade secret or other proprietary research, development, or commercial information that the *Participant* treats as confidential;
- (ii) affects the *Participant's* competitive position; or
- (iii) has commercial value that may be significantly diminished by public disclosure as those terms have been construed in the *Alaska* or federal courts.

29.7 Notice Requirement. If a *Party* requests *Confidential Information* from another *Party*, it shall provide *Notice* to all other *Parties* of its request.

ARTICLE 30 - CONTRACT ADMINISTRATION AND NOTICE

30.1 Method of Notice. Each *Party* delivering any *Notice* under this *Contract* shall:

- (a) give the *Notice* in writing; and
- (b) use one of the following methods of delivery:
 - (i) personal delivery;
 - (ii) United States mail, certified or registered, postage prepaid, return receipt requested;
 - (iii) established overnight courier delivery service; or
 - (iv) facsimile, which provides written confirmation of complete transmission.

Oral communication or email does not constitute *Notice* under this *Contract*.

30.2 Notice to the State. Each *Participant* giving any *Notice* to the *State* under this *Contract* shall deliver the *Notice* to the *State* at the following addresses:

State Administrator

Notices in person or by private courier:

[To be provided]

Notices by mail:

[To be provided]

Notices by facsimile:

[To be provided]

With copies to:

- (a) Alaska Department of Revenue

Notices in person or by private courier:

Commissioner of Revenue

Alaska Department of Revenue

Attention: Gas Contract Notices

State Office Building, 11th Floor

333 Willoughby Avenue

Juneau, Alaska 99811

Notices by mail:

Commissioner of Revenue

Alaska Department of Revenue

Attention: Gas Contract Notices

P.O. Box 110400

Juneau, Alaska 99811-0400

Notices by facsimile:

Commissioner of Revenue

Alaska Department of Revenue

Attention: Gas Contract Notices

(907) 465-2389

- (b) Alaska Department of Natural Resources

Notices in person or by private courier:

Commissioner of Natural Resources

Alaska Department of Natural Resources

Attention: Gas Contract Notices

5th Floor, 400 Willoughby Avenue

Juneau, Alaska 99801

Notices by mail:

Commissioner of Natural Resources

Alaska Department of Natural Resources

Attention: Gas Contract Notices

5th Floor, 400 Willoughby Avenue

Juneau, Alaska 99801

Notices by facsimile:

Commissioner of Natural Resources

Alaska Department of Natural Resources

Attention: Gas Contract Notices

(907) 465-3886

(c) Alaska Attorney General

Notices in person or by private courier:

Alaska Attorney General

Attention: Gas Contract Notices

123 4th Street, 4th Floor

Juneau, Alaska 99811

Notices by mail:

Alaska Attorney General

Attention: Gas Contract Notices

P.O. Box 110300

Juneau, Alaska 99811

Notices by facsimile:

Alaska Attorney General

Attention: Gas Contract Notices

(907) 465-2705

Each *Participant* giving any *Notice* to the *State* of a wire-transfer to the *State* shall deliver the *Notice* to the *State* at one of the addresses specified in Article 30.2 and to the Treasury Division by facsimile at the following address:

Treasury Division, State of Alaska

Attention: Deputy Commissioner

Facsimile: (907) 465-2389

30.3 Notice to the Participants. Each *Party* giving any *Notice* to a *Participant* under this *Contract* shall deliver the *Notice* to the *Participant* at the following addresses:

(a) *BP.*

Notices in person or by private courier:

BP Exploration (Alaska) Inc.

Attention: Associate General Tax Counsel

900 East Benson Blvd.

Anchorage, Alaska 99508

Notices by mail:

BP Exploration (Alaska) Inc.

Attention: Associate General Tax Counsel

P.O. Box 196612

Anchorage, Alaska 99519-6612

Notices by facsimile:

BP Exploration (Alaska) Inc.

Attention: Associate General Tax Counsel

(907) 564-4094

(b) *CP.*

Notices in person or by private courier:

ConocoPhillips Alaska, Inc.

Attention: Vice President and Chief Counsel

700 G Street

Anchorage, Alaska 99501

Notices by mail:

ConocoPhillips Alaska, Inc.

Attention: Vice President and Chief Counsel

P.O. Box 100360

Anchorage, Alaska 99510 - 0360

Notices by facsimile:

ConocoPhillips Alaska, Inc.

Attention: Vice President and Chief Counsel

(907) 263 - 4438

(c) *EM.*

Notices in person or by private courier:

ExxonMobil Alaska Production Inc.

Attention: Vice President

3301 C Street, Suite 400

Anchorage, Alaska 99503

Notices by mail:

ExxonMobil Alaska Production Inc.

Attention: Vice President

P.O. Box 196601

Anchorage, Alaska 99519 - 6601

Notices by facsimile:

ExxonMobil Alaska Production, Inc.

Attention: Vice President

(907) 564 - 3789

30.4 Notice of New Addressee. Any *Assignee* or *Additional Person* shall give the *State* and all *Participants* a *Notice* containing the name and address of the *Person* designated by the *Assignee* or *Additional Person* for purposes of receiving *Notices* under this *Contract*. Thereafter, the *Assignee* or *Additional Person* is entitled to receive *Notices* as provided in this *Contract*.

30.5 Effective Date of Notice. A *Notice* is effective only if the *Party* delivering the *Notice* has complied with Articles 30.1 through 30.4 and if the addressee has received the *Notice*. A *Notice* is deemed received as follows:

- (a) if a *Notice* is delivered under Article 30.1(b)(i) through (b)(iii), upon receipt as indicated by the date on the signed receipt;
- (b) if a *Notice* is sent by facsimile, upon receipt by the *Party* giving *Notice* of an acknowledgement or transmission report generated by the machine from which the facsimile was sent, that the *Notice* was sent to the addressee's facsimile in its entirety;
- (c) if more than one *Participant* is subject to a *Notice*, upon receipt by the last *Participant* subject to the *Notice*;
- (d) if the addressee rejects or otherwise refuses to accept the *Notice*, or if the *Notice* cannot be delivered because of a change in address for which no *Notice* was given, upon the rejection, refusal, or inability to deliver; and

(e) despite the other clauses of Article 30.5, if any *Notice* is received after 5:00 P.M. on a *Business Day* where the addressee is located, or on a day that is not a *Business Day* where the addressee is located, then the *Notice* is deemed received at 9:00 A.M. on the next *Business Day* where the addressee is located.

30.6 Change of Address or Designee. The *State* and any *Participant* may change its address or designee for receiving *Notices* by providing *Notice* to the other *Parties*. The change is effective upon receipt as provided in Article 30.5.

30.7 Authorized Persons.

(a) Authorized Participant. The only *Person* authorized to take an action, make a demand, issue a *Notice*, seek enforcement of a term, or request information on a *Participant's* behalf is the *Person* designated in Article 30.3 to receive *Notices*.

(b) Authorized State Administrator. Within forty-five (45) *Days* of the *Effective Date* of this *Contract*, the office of the Governor shall issue and thereafter maintain for the *Term* an administrative order designating a *Person* ("Administrator") to coordinate with *DOR*, *DNR* and other *State* agencies under this *Contract*. The administrative order must further provide that, for purposes of this *Contract*, the *Administrator* is:

- (i) the single source of contact for the *State* for issuing and receiving *Notices* or requesting information;
- (ii) responsible for resolving any conflicting *Notices* from *State Persons* and seeking enforcement of a term;
- (iii) the only *Person* authorized to issue a *Notice of Dispute*; and

(iv) responsible for coordination under Article 10 to ensure timely and non conflicting communications.

PART G - RELATIONSHIP OF THE PARTIES**ARTICLE 31 - ASSIGNMENT, ADDITION AND WITHDRAWAL****31.1 Assignment and Addition of a Person.**

(a) Assignment. A *Producer* may assign its rights, privileges and obligations in a *Property* under this *Contract* to a qualified *Person* (“Assignee”) as provided in Article 31. A *Producer* may initiate an assignment by providing the other *Parties* a *Notice* that contains the following information:

- (i) identity of the *Assignee*;
- (ii) the rights, privileges and obligations that are assigned to the *Assignee*;
- and
- (iii) any other information the *Producer* deems appropriate.

The *DNR Commissioner* shall approve an assignment of an interest in a *Property* from a *Producer* to a *Person* other than a *Producer* or an *Affiliate* unless the *DNR Commissioner* makes a written finding that the transfer would adversely affect the interests of the *State*. The *DNR Commissioner* may request additional information reasonably necessary to make the finding. An assignment of an interest in a *Property* from a *Producer* to an *Affiliate* or to another *Producer* is effective upon *Notice*. Any other assignment is effective upon approval by the *DNR Commissioner*.

(b) Additional Person. A *Producer* shall add to this *Contract* any *Person* that owns a *Midstream Element* in which one or more *Producers* or their *Affiliates* have an interest

(“Additional Person”) by providing a *Notice* to the other *Parties* that contains the following information:

- (i) a brief description of the reason for adding the *Additional Person*;
- (ii) the identity of the *Additional Person*;
- (iii) the rights, privileges, and obligations that are assumed by the *Additional Person*; and
- (iv) any other information the *Producer* deems appropriate.

The rights, privileges and obligations of the *Additional Person* are subject to the conditions set out in Article 31.1(d). The addition of the *Additional Person* is effective upon *Notice*.

(c) Conditions Regarding Assignees.

- (i) Except for *Assignees* under Article 31.1(c)(ii), an *Assignee* that is not an *Affiliate* of the assignor is subject to the following conditions:
 - (A) any obligation to pay *SCIT* is modified only by the adjustments provided under Articles 19.3, 19.4, and 19.5; and
 - (B) the exemptions and covenants provided the *Contract* are limited to *Taxes*, other than *SCIT*, on that portion of the *Assignee's* oil and gas related business activity in *Alaska* that has been assigned to it.
- (ii) The conditions under Article 31.1(c)(i) do not apply to an *Assignee* that is:
 - (A) an *Affiliate* of the assignor; or
 - (B) another *Producer* or its *Affiliate*.

(d) Conditions Regarding Additional Person. For an *Additional Person*, the exemption and covenants provided in the *Contract* are limited to *Taxes*, other than *SCIT*, on that portion of the *Project* that has been assumed by the *Additional Person*.

31.2 Effect of Assignment, Addition, and Transfers.

(a) Rights, privileges and obligations of an Assignee or Additional Party. An *Assignee* and each *Additional Person* is deemed a *Participant* and, to the extent the rights, privileges and obligations are assigned or added, this *Contract* binds and benefits the *Assignee* and the *Additional Person*. A *Person* that owns an interest in a *Project Entity* is not a *Participant*, based on that ownership alone.

(b) Retained rights, privileges and obligations of the Producers and their Affiliates. Each *Producer* and its *Affiliates* retain all their rights, privileges and obligations under this *Contract* other than those assigned to an *Assignee* or assumed by an *Additional Person* under Article 31.1.

(c) Transfers.

(i) If the ownership of a *Producer*, or an *Affiliate* of a *Producer* that holds the ownership interests of all or substantially all of the *Properties* held by that *Producer* and its *Affiliates*, is transferred by sale of stock, merger, corporate reorganization, or similar transaction, that transfer is not subject to the limits in Article 31.1(c) or (d).

(ii) If a *Producer* and its *Affiliates* sell or otherwise dispose of all or substantially all of their *Alaska* oil and gas assets, that sale or disposition is not subject to the limits in Article 31.1(c) or (d).

31.3 No Fee for Additional Persons. No *Party* shall charge a *Person* a fee solely because the *Person* is becoming an *Additional Person* to this *Contract*.

31.4 Acquisition.

(a) Exhibit D Properties. If a *Producer* acquires or is assigned an interest in any *Property* listed on Exhibit D, the *Producer* may add its interest in that *Property* to Exhibit D.

(b) Leases not on Exhibit D. If a *Producer* acquires or is assigned an interest in an *ANS* lease not listed on Exhibit D, the *Producer* may add its interest in that lease as a *Property* to Exhibit D subject to the following limitations:

(i) if that lease was acquired in a *State* lease sale, that *Property* must be removed from Exhibit D if *Gas* from that *Property* is not delivered to the *Mainline* within fifteen (15) *Calendar Years* after the effective date of its addition to Exhibit D;

(ii) if that lease was acquired in a federal or private lease sale, that *Property* must be removed from Exhibit D if *Tax Gas* from that *Property* is not delivered to the *Mainline* within twenty (20) *Calendar Years* after the effective date of its addition to Exhibit D; and

(iii) a *Law* of general applicability providing for a uniform upstream fiscal contract is enacted substantially in the form of Attachment 1 (“Uniform Upstream Fiscal Contract Act”).

(c) Notice. To add an interest in an *ANS* oil and gas lease to Exhibit D, a *Producer* shall provide a *Notice* (“Notice of Additional Property”) to the *Commissioner*. That *Notice of Additional Property* must include the following information:

- (i) the date the additional *Property* was acquired and the effective date of its addition to Exhibit D;
- (ii) the *Producer’s Working Interest* share of the additional *Property*; and
- (iii) the other categories of information included in Exhibit D.

31.5 Withdrawal Before Open Season. Subject to Article 31.8, any *Participant* may withdraw from this *Contract* before the execution by the *State* of the binding precedent agreements associated with the initial *Open Season* to reserve transportation capacity.

31.6 Withdrawal After Open Season. Subject to Article 31.8, any *Participant* may withdraw from this *Contract* after the execution of the binding precedent agreements associated with the initial *Open Season* to reserve transportation capacity, provided that the *Withdrawing Participant* and its *Affiliates* have either assigned or otherwise relinquished and hold no interest, directly or indirectly, in any *Midstream Element* or in any *Property* before the *Participant’s Notice* of withdrawal.

31.7 Notice and Effective Date. A *Withdrawing Participant* shall provide sixty (60) *Days* prior *Notice* of withdrawal to the *State* and to the other *Participants*. The withdrawal is effective upon the expiration of the sixty (60) *Day* period.

31.8 Consequences of Withdrawal. Upon the effective date of the withdrawal under Article 31.5 or Article 31.6, a *Withdrawing Participant* has only those rights, privileges and obligations under this *Contract* that have accrued before the effective date of the withdrawal. After the effective date of the withdrawal, a *Withdrawing Participant* is entitled to a *Notice* from the *State* and from the remaining *Participants* of any *Dispute* that arises out of or relates to this *Contract* if the *Dispute* has the potential to affect the interests of the *Withdrawing Participant*.

31.9 Continuing Effect. After a *Participant's* withdrawal, this *Contract* continues in effect among the remaining *Parties*.

ARTICLE 32 - NO JOINT MARKETING

This *Contract* does not provide for the joint marketing by the *Parties* of *Gas*, *NGLs*, or other substances. This *Contract* does not limit the *State's* or any *Participant's* ability to market its own *Gas* to any *Person*, including *Persons* in *Alaska*, or establish any marketing arrangements for *Gas*.

ARTICLE 33 - NO THIRD PARTY BENEFICIARIES

This *Contract* does not confer any rights or remedies upon any *Person* other than the *Parties* or their *Affiliates*. This *Contract* does not create a private right of action for any *Person* other than

the *Parties* to start a *Dispute* resolution proceeding, judicial action, or regulatory proceeding.

ARTICLE 34 - NO AGENCY

No *Party* is an employee, agent, representative, or partner of any other *Party* under this *Contract*.

PART H - RISK ALLOCATION PROVISIONS**ARTICLE 35 - FORCE MAJEURE****35.1 Suspension of Obligations.**

(a) Suspension. Subject to Article 35.2, an *Affected Party's* obligations are suspended during the continuance of a *Force Majeure*. If a *Force Majeure* adversely affects any *Hydrocarbon Liquids* or *Gas* flow, each *Affected Party's* rights, privileges, or obligations are reduced proportionately including:

- (i) payment of *Fiscal Obligations*;
- (ii) receipt of *Hydrocarbon Liquids* into an *Oil Pipeline* or *Gas* from a *Delivery Point* for delivery into any *Midstream Element*; and
- (iii) handling, treating, processing, conditioning, or transporting *Hydrocarbon Liquids* or *Gas*.

(b) Interest. No penalty or *Interest* accrues on amounts that would have otherwise been payable by the *Affected Party* but for the *Force Majeure*.

(c) Time Periods. Upon removal of or recovery from the *Force Majeure*, the time periods for completing those obligations are extended by the number of *Days* that the *Force Majeure* existed.

35.2 Notices and Obligations of the Affected Party.

(a) Notices and Information. If a *Force Majeure* occurs, an *Affected Party* shall provide prompt *Notice* to the other *Parties* ("Notice of Force Majeure"). The *Notice of*

Force Majeure must describe the *Force Majeure*, including its effective date and an estimate of the time required to remove or recover from it. Following the *Notice of Force Majeure*, the *Affected Party* shall keep the other *Parties* informed of significant developments. If an *Affected Party* fails to give prompt *Notice*, its obligations are suspended from the time the *Notice* is sent to the other *Parties*.

(b) Obligation to Act with Diligence to Alleviate Force Majeure.

(i) The *Affected Party* shall act to mitigate the *Force Majeure* with reasonable diligence to avoid delay or suspension of any work or acts to be performed under this *Contract*. This requirement to act with reasonable diligence does not require a *Party* to enter into an agreement, pay any sum to, or settle a dispute with a labor union or entity, or native or aboriginal group or entity; and

(ii) The *Affected Party* shall promptly provide *Notice* of the date when the *Force Majeure* has ended, specifying the duration and impact, including a summary of the relief sought by the *Affected Party*.

(c) Limits on Suspension. The *Affected Party* may not exercise suspension rights under Article 35.1 until the earlier of:

(i) fifteen (15) months from the *Effective Date*;

(ii) the conclusion of *Project* planning, as described in Article 5.2; or

(iii) a cumulative total of at least one hundred twenty million *Dollars* (\$120,000,000) to advance *Project* planning has been spent by *Project Entities*.

35.3 Law Causing Force Majeure. No *Law* or written directive of the *State*, *Political Subdivision*, or other governmental authority within *Alaska* that affects the *State's* performance

of its obligations under this *Contract* may be invoked by the *State* as a *Force Majeure*.

35.4 Actions of a Party. No *Party* may take any action with the intent of creating a *Force Majeure Event*.

35.5 Disputed Notice of Force Majeure. If a *Party* disputes a *Notice of Force Majeure* and the final non-appealable resolution of the *Dispute* is that the *Affected Party* was not entitled to suspend its obligations, then the *Affected Party* shall immediately resume performance of its obligations. The *Affected Party* shall immediately pay any suspended amounts and *Interest* that accrues on those amounts. In addition, the *Party* disputing the *Notice* is entitled to any appropriate damages under Article 37.

ARTICLE 36 - INFLATION ADJUSTMENT AND INTEREST

36.1 Inflation Adjustment.

(a) Midstream Payment, UCA, and Fiscal Stability Cap. The rates provided in Articles 16, 20, and the *Fiscal Stability Cap* in Article 11, are adjusted annually for changes in the *CPI*. The adjusted value is determined by multiplying the rates in Articles 16, 20, and the *Fiscal Stability Cap* in Article 11 by a ratio, the numerator of which is the *CPI* for the *Calendar Year* for which the new rate is being determined and the denominator of which is the *CPI* for the *Calendar Year* 2005 (“2005 CPI Ratio”).

(b) Upstream Facilities Gas Payment. The rates provided in Article 15.2 are adjusted annually at eighty percent (80%) of the annual change in the *CPI*. The adjusted value is determined by:

- (i) calculating the *2005 CPI Ratio*;
- (ii) subtracting one (1) from the *2005 CPI Ratio*, multiplying the result by eighty percent (80%) and then adding one (1) to the product to obtain an adjusted ratio (“80% Ratio”); and
- (iii) multiplying the rate in Article 15.2 by the *80% Ratio*.

(c) Upstream Facilities Oil Payment and Payment in Lieu of Oil Pipeline Ad Valorem Taxes. The rates provided in Article 15.1 and 17.2 are adjusted annually starting with the payment in *Calendar Year 2007* at seventy percent (70%) of the annual change in the *CPI*. The adjusted value is determined by:

- (i) calculating a ratio, the numerator which is the *CPI* for the *Calendar Year* for which the new rate is being determined and the denominator of which is the *CPI* for the *Calendar Year 2006* (“2006 CPI Ratio”);
- (ii) subtracting one (1) from the *2006 CPI Ratio*, multiplying the result by seventy percent (70%) and then adding one (1) to the product to obtain an adjusted ratio (“70% Ratio”); and
- (iii) multiplying the rates in Article 15.1 and Article 17.2, respectively, by the *70% Ratio*.

(d) Impact Payments. Any payment under Article 18 that extends beyond nine (9) years from the *Effective Date* is subject to an inflation adjustment. The adjusted value is determined by multiplying the applicable amount in Article 18.1 by a ratio, the numerator

of which is the *CPI* for the *Calendar Year* for which the new rate is being determined and the denominator of which is the *CPI* for the *Calendar Year* nine (9) years from the end of the *Calendar Year* in which the *Effective Date* occurs.

(e) CPI and Successor Index. The *CPI* for a particular *Calendar Year* means the *CPI* for the month of December of the prior *Calendar Year*. The *CPI* for the *Calendar Year* 2005 is one hundred ninety and three tenths (190.3). The *CPI* for the *Calendar Year* 2006 is one hundred ninety-six and eight tenths (196.8). If the method to determine the *CPI* or its base is changed, the successor index or base must, to the extent practicable, be correlated with the previous index or base so that the amounts determined by the formulae later provided is not changed by the substitution of the successor index or base.

(f) Example Calculation. Example calculations for the use of the *CPI*, *2005 CPI Ratio*, *2006 CPI Ratio*, *70% Ratio*, and the *80% Ratio* in making inflation adjustments are contained in Exhibit F.

36.2 Late Payments and Interest. The same interest rate applies to both the *State* and the *Participants* under this *Contract*. Except for a *PPT PILT Payment*, that interest rate equals interest compounded monthly at the per annum rate for the one-month term at the London Interbank Offered Rate (“LIBOR”) for *Dollar* deposits plus two (2) percentage points (“Interest”). The applicable *LIBOR* is the one published in the “Wall Street Journal” (or, if not published there, the “Financial Times of London”) for the first *Business Day* immediately before the due date and thereafter for the first *Business Day* of each succeeding *Calendar Month*. If these publications are not available, the *LIBOR* rate used will be the rate per annum, compounded on a monthly basis, equal to the one-month term *LIBOR* for *Dollar* deposits as

published on the Reuters Screen LIBOR01 Page (i.e., the display designated as Page “LIBO” on the Reuters Monitor Money Rates Service or such other page as may replace the LIBO page on that service for the purpose of displaying London interbank offered rates of major banks) at approximately 11:00 A.M. London time. *Interest* on any unpaid payment obligation under this *Contract* accrues from the first *Business Day* after the *Day* when that payment was due until the date of payment.

PART I - REMEDIES**ARTICLE 37 - LIABILITY AND LIMITATION ON DAMAGES**

37.1 Liability. Each *Party* is liable for its own acts and omissions and any breach of its obligations under this *Contract*. Each *Participant's* liabilities and obligations are individual, not joint and several.

37.2 Limitation on Damages and Remedies. The *State* and the *Participants* have negotiated this *Contract* in consideration of their consent to limit recovery of certain *Loss*. Accordingly, in no event is any *Party* liable to any other *Party* for the following *Loss*, however caused, that arise out of or relate to this *Contract* or any breach of it:

- (a) any consequential or incidental damages, including lost profits; or
- (b) any special or punitive damages.

A *Party* shall neither claim nor, if awarded, collect any prohibited *Loss* from any other *Party* in any proceeding arising out of or relating to this *Contract* or any breach of it. Except for reformation to correct a minor clerical error, the *Tribunal* shall enforce, but may not amend, the terms of this *Contract*.

37.3 Limits on Indemnification. Subject to the limitations provided in Article 37.2, if there are insufficient amounts available to recoup or offset an amount due from the *State* for a *Loss* ("Deficiency"), a *Participant* may request the *State* pay the *Deficiency* through an appropriation of *State* funds. Upon *Notice* from the *Participant*, the *State* shall request an appropriation to pay the *Deficiency* and any *Interest* due on the *Deficiency*. Any payment is subject to the

appropriation of funds by the *Legislature*. The *Legislature's* failure to make such an appropriation does not create a *Dispute* and does not extinguish the underlying obligation for which the appropriation is sought. Pending appropriation by the *Legislature* and payment by the *State*, the *Participant* may continue to recoup or offset against the *Deficiency* until satisfied.

37.4 Limit on Termination. Except as provided in Articles 5 and 28, the *State* is not entitled to terminate this *Contract*.

PART J - INTERPRETATION AND PARTS OF THIS CONTRACT**ARTICLE 38 - INTERPRETATION PROVISIONS**

38.1 Integration. This *Contract* constitutes the final agreement among the *Parties*. It is the entire and exclusive understanding of the *Parties* on the subject matters contained in this *Contract*. All prior draft agreements, notes, understandings and negotiations of the *Parties* on the subject matters provided for in this *Contract* are superseded by this *Contract*. The provisions of this *Contract* may be explained, supplemented, or qualified through evidence of a course of dealing between the *State* and the *Participants* after the *Effective Date*. The provisions of this *Contract* may not be explained, supplemented, or qualified through parol evidence.

38.2 No Waiver. A *Party* may consent to or waive any breach or default by another *Party* only by *Notice*. The *Notice* does not operate as a consent or waiver of any future default by the same *Party*.

38.3 Presumptions and Construing Exemptions. Except as provided in Article 19.10, no doctrine, rule, or principle of *Law*, tax *Law*, or equity that would create a presumption for or against, or deference to, the position of any *Party* applies in the interpretation of this *Contract*. Any tax doctrine under *State Law* that an exemption from *Taxes* must be strictly construed to limit an exemption from *Taxes* in a contract, including the doctrine that *Tax* exemptions must be construed *strictissimi juris* to limit the exemption, does not apply to the interpretation of this *Contract*.

38.4 Construction Against the Drafter. In entering into this *Contract*, no *Party* has relied upon any statement, representation, warranty, or agreement of any other *Party* except for those provided in this *Contract*. This *Contract* is the product of the *Parties'* joint efforts and it is not to be construed against any *Party* as drafter.

38.5 Headings. The headings throughout this *Contract* are for reference purposes only and do not affect its interpretation. Further, they do not indicate that all of the provisions of this *Contract* relating to any topic are to be found in any particular Part or Article.

38.6 Retroactive Amendment of State Statutes and Regulations Incorporated by Reference. If the text of a *State* statute or regulation as it reads as of a particular reference date is incorporated by reference as part of this *Contract*, any amendment of that statute or regulation made after the reference date that is retroactive to a date on or before the reference date is to be disregarded for purposes of determining the text that is incorporated by reference as part of this *Contract*.

ARTICLE 39 - PARTS OF THIS CONTRACT

39.1 Amendment. The *Parties* may amend this *Contract* only by a written instrument signed by all affected *Parties*. The affected *Parties* shall provide *Notice* of the amendment to all *Parties*, including a copy of the written instrument.

39.2 Counterparts. The *Parties* may execute this *Contract* in multiple counterparts, each of which constitutes an original *Contract* and all of which, collectively, constitute only one agreement. The signatures of all *Parties* need not appear on the same counterpart. This *Contract* is not binding until all *Parties* have executed a counterpart.

39.3 Exhibits and Attachments. The Exhibits are part of this *Contract*. Except for Exhibit P, Exhibit X, and Exhibit Y, if the body of this *Contract* conflicts with the Exhibits, the body of this *Contract* prevails. If a provision of Exhibit P, Exhibit X or Exhibit Y conflicts with a provision of the *Contract*, the provision of the Exhibit prevails only to the extent of the conflict. Attachments are for reference purposes and are not part of this *Contract*.

PART K - REPRESENTATIONS AND WARRANTIES**ARTICLE 40 - REPRESENTATIONS AND WARRANTIES**

40.1 State's Representations and Warranties. The *State* represents and warrants to the *Participants* that under the *Law* it has the requisite power and authority to execute and deliver this *Contract*.

40.2 Participant's Representations and Warranties. Each *Participant* represents and warrants to the *State* that it has the power and authority to execute and deliver this *Contract*.

40.3 Authority. Each *Party* represents and warrants that its signatory has been duly authorized by all necessary corporate, *State*, or other action to execute and deliver this *Contract*.

40.4 Judicial Challenge. Nothing in Article 40 makes a *Party* liable to any other *Party* if the Alaska Supreme Court determines that this *Contract* does not comply with *State Law*.

ARTICLE 41 - RELATIONSHIP TO LAW AND OTHER AGREEMENTS

41.1 Sovereign Power and State Law. With the enactment of amendments to the *SGDA* and other enabling legislation to allow the *State* to perform its obligations under the *Contract*, the *Parties* agree that this *Contract* is consistent with *State Law*. The *State's* equity participation in

any *Project Entity* does not restrict or otherwise limit the *State's* sovereign power to regulate the *Project* under applicable *Law*.

41.2 Amendment for Conformance. After the *Effective Date*, any right, privilege or obligation of a *Party* in a lease, other agreement, regulation, rule, order or decision (“Document”) is amended for the *Term* only to the extent necessary to conform to the provisions of this *Contract*. If there is a *Dispute* regarding whether this *Contract* and another *Document* create conflicting rights, privileges or obligations, the *Parties* shall attempt to resolve the *Dispute* in good faith by attempting to harmonize them, giving reasonable effect to both. If the *Parties* cannot harmonize them, this *Contract* controls.

ACKNOWLEDGEMENT

The *Parties* by their respective authorized *Representatives* conditionally execute this *Contract* as of the following dates to signify their mutual satisfaction with and support of the terms and conditions of this *Contract*. This *Contract* as written carefully balances the interests and concerns of all *Parties* expressed in the negotiation process. The *Parties* understand that this *Contract* will not be effective until the *Legislature* authorizes the Governor to execute this *Contract*, and the Governor and all other *Parties* subsequently execute this *Contract*.

CONDITIONAL AND NON-BINDING EXECUTION

The *Parties* by their respective authorized *Representatives* conditionally execute this *Contract* as of the following dates:

THE STATE OF ALASKA

By

Name:

Title: Commissioner of Revenue

Date:

By

Name:

Title: Commissioner of Natural
Resources

Date:

DRAFT

MAY 10, 2006

APPROVED:

CONCURRENCE:

By

By

Name:

Name:

Title: Attorney General

Title: Commissioner of Labor and
Workforce Development

Date:

Date:

THE PARTICIPANTS

BP Exploration (Alaska) Inc.

ConocoPhillips Alaska, Inc.

By

By

Name:

Name:

Title:

Title:

Date:

Date:

ExxonMobil Alaska Production Inc.

By

Name:

Title:

Date:

FINAL AND BINDING EXECUTION

Following the enactment of *Authorization Act*, the *Parties* by their authorized *Representatives* execute this final and binding *Contract* as of the following dates:

THE STATE OF ALASKA

APPROVED:

By

Name:

Title: Governor

Date:

CONCURRENCE:

By

Name:

Title: Attorney General

Date:

CONCURRENCE:

By

Name:

Title: Commissioner of Revenue

Date:

By

Name:

Title: Commissioner of Natural
Resources

Date:

CONCURRENCE:

By

Name:

Title: Commissioner of Labor and
Workforce Development

Date:

THE PARTICIPANTS

BP Exploration (Alaska) Inc.

By

Name:

Title:

Date:

ConocoPhillips Alaska, Inc.

By

Name:

Title:

Date:

DRAFT

MAY 10, 2006

ExxonMobil Alaska Production Inc.

By

Name:

Title:

Date:

APPENDIX I

EXHIBITS AND ATTACHMENTS

Exhibit A - Accounting Procedures

Exhibit B - Audit Procedures

Exhibit C - Mandatory Dispute Resolution Procedures

Exhibit D - List of Properties

Exhibit E - Alaska Hire and Content

Exhibit F - Example Calculations

Exhibit G - Amounts Payable to Political Subdivisions and State

Exhibit P – Method to Determine the PPT PILT Payment

Exhibit Q – Venture Types by Producer

Exhibit X – Valuation of PPT Oil

Exhibit Y – State Administrative Procedures for PPT PILT Payments

Exhibit Z – Depreciation and Return on Invested Capital for Marine Vessels and Improvements

Attachment 1 – Uniform Upstream Fiscal Contract Act

Attachment 2 – Procedures for Reporting Payment in Lieu of SCIT

EXHIBIT A

ACCOUNTING PROCEDURES

[NOTE: These procedures are in the process of development and may not accurately reflect current contract language. They are subject to further review and modification by the Parties.]

A.1 Purpose. Exhibit A establishes the method of determining charges, payments and monies due under this *Contract*. The *Parties* shall provide reports and invoices, make payments, and maintain books and records as provided in Exhibit A.

A.2 Monthly Reporting of Royalty and Tax Gas Estimates. Before the tenth (10th) *Day* of each *Calendar Month*, each *Producer* shall report, or cause to be reported, to the *State* for each *Property*, for the following *Calendar Month*:

- (a) Royalty Bearing Gas and Royalty Gas. That *Producer's* estimate of *Royalty Bearing Gas* and *Royalty Gas* deliveries to each *Delivery Point*.
- (b) Tax Bearing Gas and Tax Gas. That *Producer's* estimate of *Tax Bearing Gas* and *Tax Gas* deliveries to each *Delivery Point*, if the one-time *State* election under Article 13.6 is exercised.
- (c) Changes to Producer's Estimates. The *Producer's* estimate under Exhibits A.2(a) and (b) must include the amount and a description of any changes to the estimate of *State Gas* associated with:

- (i) prospective adjustments for prior *Calendar Months* under Exhibit A.3(c),
- (ii) prospective adjustments provided for under a *GBA* or other agreement between the *State* and that *Producer*;
- (iii) *Gas* recoupment or offset under Articles 22.1(g)(ii) or 22.1(g)(iii) as calculated under Article 22.1(h).

A.3 Monthly Reporting of Actual Production. Each *Producer* that delivers *Gas* to a *Delivery Point* or delivers *Hydrocarbon Liquids* into a common carrier *Oil Pipeline* for delivery into *TAPS* in a *Calendar Month* shall report, or cause to be reported, to the *State* the information provided in Exhibit A.3. The report must be transmitted to the *State* by the last *Business Day* before the twenty-first (21st) *Day* of the *Calendar Month* following the *Calendar Month* being reported. The report must contain the information described in Exhibit A.3(a) – (d) regarding those deliveries from each *Property* for the *Calendar Month* being reported, and, if applicable, adjustments to information reported for prior *Calendar Months*.

(a) Volume and Heating Value of Gas Reporting by Property. Each *Producer* shall report the total *Volume* and *Heating Value* of that *Producer's Gas* delivered to each *Delivery Point*, together with the *Volume* and *Heating Value* delivered from each *Property*, respectively, of:

- (i) *Working Interest Gas*;
- (ii) *Gas* where *Royalty* has been previously paid;
- (iii) *Gas* from either federal or private leases where *Royalty Gas* is not due, but *Tax Gas* is due on the *Producer's* net share after royalty;

- (iv) *Gas* from federal leases in the *Outer Continental Shelf* where neither *Royalty Gas* nor *Tax Gas* is due;
 - (v) *Gas* where either *State* production tax or *Tax Gas* has been previously paid; and
 - (vi) other *Gas* not included in Exhibits A.3(a)(i) through (v) with a description of the source of that *Gas*.
- (b) Gas Composition Reporting. Each *Producer* shall report composition of *Gas*, where available to the *Producer*, for each *Property*.
- (c) Royalty Gas and Tax Gas Reporting. Each *Producer* shall report total *Royalty Gas* and *Tax Gas* by *Property* delivered to the *State* from *Gas* reported in Exhibit A.3(a), with reconciliation where required to *Volumes* reported in Exhibit A.3(a). The determination of the *Tax Gas* due to the *State* must be performed as provided in Articles 13.3 and 13.4. For the calculation of the *Tax Bearing Gas Price* in Article 13.5, if the *AECO Price* is less than or equal to the *Alaska to Alberta Tariff*, the *Tax Bearing Gas Price* is one *Dollar* and twenty-five cents (\$1.25) per *MMBTU*. Any variance between the *Royalty Gas* or *Tax Gas* delivered to the *State* and the *Volume* or *Quantity* due to the *State* must be adjusted by prospective adjustments in the following *Calendar Month* without any monetary compensation, unless otherwise provided for under a *GBA* or other agreement between the *State* and the *Producer*.
- (d) Volume of Hydrocarbon Liquids Reporting. Each *Producer* shall report the amount, by *Property*, of that *Producer's Hydrocarbon Liquids*, in *Barrels*, delivered into a common carrier *Oil Pipeline* for delivery into *TAPS*.

A.4 Producer Monthly Statement of Monetary Payments. Each *Producer* shall transmit to the *State*, by the last *Business Day* of the *Calendar Month* following the *Calendar Month* being reported, a monthly statement (“Producer Statement”) that details its *Producer Monetary Obligation*, any *State Monetary Obligation* owed to that *Producer*, and any *Direct State Payments* made to that *Producer*. The *Producer* may transmit the statement by U.S. mail, personal delivery or facsimile. The *Producer Statement* must provide a summary of the *Net Monetary Obligation* calculation under Article 22.1, as well as supporting detail as described under Exhibit A.4(a) – (d).

(a) Producer Monetary Obligation. *Producer Monetary Obligation* reporting requirements include:

- (i) any monetary payment due the *State* and reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the *Tax* payments occur under Article 11.2;
- (ii) any monetary payment due the *State* and reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the obligation occurred under Article 11.4, with the supporting detail as described under Exhibit A.4A (Fixed Payable Tax Increment Payments);
- (iii) any monetary *Royalty Payment* reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the monetary *Royalty Payment* transaction occurred under Article 12 (Royalty Payments);
- (iv) any monetary *Tax Bearing Gas Payment* reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the monetary

Tax Bearing Gas Payment transaction occurred under Article 13 (Tax Bearing Gas Payments);

(v) any monetary payment reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the *PPT Oil and PPT Gas* occurred under Article 14 (Payments in Lieu of Production Taxes), with the supporting detail as provided in Exhibit A.7;

(vi) any monetary payment reportable by the last *Business Day* of May under Article 15 (Upstream Facilities Oil Payments), with the supporting detail as described under Exhibit A.4B;

(vii) any monetary payment reportable by the last *Business Day* of May under Article 15 (Upstream Facilities Gas Payment), with the supporting detail as described under Exhibit A.4C;

(viii) any monetary payment reportable the last *Business Day* of May under Article 17 (Payment in Lieu of Oil Pipeline Ad Valorem Taxes), with the supporting detail under Exhibit A.8;

(ix) any monetary payment reportable under Article 19 (Payment in Lieu of SCIT), with the supporting detail provided in Exhibit A.4D;

(x) any reimbursement due the *State* and reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the *State* overpayment occurred under Article 22.3 (State Overpayment of Fiscal Obligations); and

(xi) any unpaid monetary payment due the *State* under Article 26 and this *Contract* only and not any other award outside this *Contract* (State Award), with the *Dollar* amount and date of each *Award*.

(b) State Monetary Obligation. *State Monetary Obligation* reporting requirements include:

(i) any *Indemnification Payments* reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the action being indemnified occurred under Article 8.3, Article 10.10, Articles 22.1(g)(ii) and (iii), or Article 21.3, including the *Dollar* amount of each action being indemnified (Indemnification Payments);

(ii) any monetary payment reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the obligation to reimburse occurred under Article 11.2, 11.3, 11.5 or 11.7 (Capped Tax, Targeted Tax, Restricted Tax, Other Taxes or Non-Participant Tax Reimbursements);

(iii) any monetary payment due the *Producer* and reportable by the last *Business Day* of the *Calendar Month*, following the *Calendar Month* in which the obligation occurred under Article 11.4 (Fixed Payable Tax Increment Payments), with the supporting detail as described under Exhibit A.4E;

(iv) any monetary *UCA* payment reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which delivery of *State Gas* occurred under Article 20 (Cost Allowances), with the supporting detail as described under Exhibit A.4F;

- (v) reimbursement of any payments to *Political Subdivisions* made by the *Producers* to fulfill an obligation to the *State* reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which payment was made under Article 21 and Exhibit G (Political Subdivision Reimbursement), with the *Dollar* amount of each *Political Subdivision* payment to be reimbursed;
- (vi) any carried over *Amount Due* from the prior the *Calendar Month* under Article 22.1(c)(i) (Carryover Underpayment), with the *Dollar* amount carried over and the applied *Interest*;
- (vii) any monetary payment reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which a payment is received from a customer of a *State Gas* sales contract under Article 22.1(g)(i) (Sales Recoupment);
- (viii) any assigned monetary value reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which a *Volume of Gas Recoupment* was received by a *Producer* under Article 22.1(j) (Gas Recoupment);
- (ix) any transfer of an *Amount Due* a *Producer Transferee* under Article 22.2(c)(iii) (Transfer Reimbursement);
- (x) any reimbursement reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the *State* overpayment occurred under Article 22.3 (Producer Overpayment of Fiscal Obligations); and
- (xi) any unpaid monetary payment due a *Producer* or its *Affiliate* under Article 26 and under this *Contract* only and not any other award outside this *Contract* (Producer Award), with the *Dollar* amount and date of each *Award*.

(c) Direct State Payments. The *Producer Statement* must include any monetary payment made by the *State* to the *Producer* in the prior *Calendar Month* under Article 22.1(a)(iii).

(d) Net Monetary Obligation. As provided under Article 22.1(b), if the *Net Monetary Obligation* calculated in the *Producer Statement* is greater than zero, that statement provides the supporting detail for the accompanying *Producer* payment which is payable by the *Producer* by the *Payment Date*.. As provided under Article 22.1(c), if the *Net Monetary Obligation* calculated in the *Producer Statement* is less than zero, that statement serves as an invoice to the *State* which is payable by the *State* by the last *Business Day* before the tenth *Business Day* after the *Payment Date* of the next *Calendar Month*.

A.4A Fixed Payable Tax Increment. If the *Fixed Payable Tax Increment* is negative for a *Producer*, that *Producer* shall report the following information in support of the *Fixed Payable Tax Increment* amount:

- (a) the *Actual Fixed Payable Tax Payment*;
- (b) the *Agreed Fixed Payable Tax Payment*; and
- (c) the absolute value of the *Fixed Payable Tax Increment*.

A.4B Upstream Facilities Oil Payment. A *Producer* that has a *Working Interest* in a *Property* shall include the following information in support of the *Upstream Facilities Oil Payment* amount for each *Property*:

- (a) the total number of *Barrels* used in the calculation of *Upstream Facilities Oil*

Payment, including supporting documentation for the determination of the *Producer's Barrels*;

(b) the *\$/Barrel* rate applicable to the *Property* for which the *Upstream Facilities Oil Payment* is being made, including the calculation of the inflation adjustment under Article 36.1(c);

(c) the total *Upstream Oil Payment* to the *State*;

(d) the portion of the *Upstream Facilities Oil Payment* payable to each *Political Subdivision* under Exhibit G; and

(e) the portion of the *Upstream Facilities Oil Payment* associated with *Third Party Volumes* under Article 15.7.

A.4C Upstream Facilities Gas Payment. A *Producer* that has a *Working Interest* in a *Property* shall include the following information in support of the *Upstream Facilities Gas Payment* amount for each *Property*:

(a) the total *Volume* of *Producer Gas*, *Associated State Gas*, and other royalty *Gas* associated with that *Producer* used in the calculation of *Upstream Facilities Gas Payment*, including supporting documentation for the determination of the *Volume*;

(b) the *\$/MCF* rate, including the calculation of the inflation adjustment under Article 36.1(b);

(c) the total *Upstream Facilities Gas Payment* to the *State*;

(d) the portion of the *Upstream Facilities Gas Payment* payable to each *Political Subdivision* under Exhibit G; and

(e) the portion of the *Upstream Facilities Gas Payment* associated with *Third Party*

Volumes under Article 15.7.

A.4D Payment in Lieu of SCIT. A *Producer* shall report the following information in support of the *Payment in Lieu of SCIT* amount:

- (a) the amount of the estimated *Payment in Lieu of SCIT* for the current *SCIT Calendar Year*, reportable by the last *Day* of the fourth (4th), sixth (6th), ninth (9th), or twelfth (12th) *Calendar Months*;
- (b) the amount of any required adjustment to the *Payment in Lieu of SCIT* obligation for the prior *SCIT Calendar Year*, reportable by the last *Day* of the fourth (4th) *SCIT Calendar Month*; and
- (c) the amount of the final *Payment in Lieu of SCIT* for the prior *SCIT Calendar Year*, reportable by the last *Day* of the twelfth (12th) *Calendar Month*.

A.4E Payment of Fixed Payable Tax Increment by the State. If the *Fixed Payable Tax Increment* is positive for a *Producer*, that *Producer* shall report the following information in support of the *Fixed Payable Tax Increment* amount:

- (a) the *Actual Fixed Payable Tax Payment*;
- (b) the *Agreed Fixed Payable Tax Payment*; and
- (c) the absolute value of the *Fixed Payable Tax Increment*.

A.4F Payment of Cost Allowances by the State. For each *Property*, the *Producer* shall report:

- (a) the *Volume of Royalty Gas* delivered to the *State* at the *Delivery Point*;

- (b) the *Volume of Tax Gas* delivered to the *State* at the *Delivery Point*;
- (c) the *UCA* rate (\$/*MCF*), including the calculation of the inflation adjustment under Article 36.1(a); and
- (d) the total *UCA* payment amount due for the applicable *Calendar Month*.

The *Volumes* reported in Exhibit A.4(b)(iv) must be based on the *Volumes* reported in Exhibit A.3, with explanation for any variances.

A.5 Payment of Impact Payments by the Mainline Entity. By the last *Business Day* of December of the *Calendar Year* for which any *Impact Payment* is due under Article 18 (*Impact Payment*), the *Mainline Entity* shall make the *Impact Payment* to the *State*. The *Mainline Entity* shall report the *Dollar* amount paid, including any inflation adjustment under Article 36.1(d).

A.6 Midstream Entity Monthly Statement of Monetary Payments. Each *Midstream Entity* shall transmit to the *State* by the last *Business Day* of the *Calendar Month* following the *Calendar Month* being reported, a monthly statement (“Midstream Statement”) that details its *Midstream Entity Monetary Obligation*, any *State Monetary Obligation* owed to that *Midstream Entity* and any *Direct State Midstream Payment* made to that *Midstream Entity*. The *Midstream Entity* may transmit the statement by U.S. mail, personal delivery or facsimile. The *Midstream Statement* must provide a summary of the *Net Midstream Monetary Obligation* calculation under Article 22.2, as well as supporting detail described under Exhibit A.6(a) through (d).

- (a) Midstream Entity Monetary Obligation. *Midstream Entity Monetary Obligation* reporting requirements include:

- (i) any monetary payment due the *State* and reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the *Tax* payments occur under Article 11.2;
 - (ii) any monetary payment due the *State* and reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the obligation occurred under Article 11.4 (Fixed Payable Tax Increment Payments), with the supporting detail as described under Exhibit A.6A;
 - (iii) any monetary payment reportable by the last *Business Day* of May under Article 16 (Midstream Payments), with the supporting detail as described under Exhibit A.6B;
 - (iv) any monetary payment reportable under Article 19 (Payment in Lieu of SCIT) , with the supporting detail as described under Exhibit A.6C;
 - (v) any reimbursement reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the *State* overpayment occurred under Article 22.3 (State Overpayment of Fiscal Obligations);
 - (vi) any unpaid monetary payment due the *State* under Article 26 and this *Contract* only and not any other award outside this *Contract* (State Midstream Award), including the *Dollar* amount and date of the *Award*.
- (b) State Midstream Monetary Obligation. *State Midstream Entity Monetary Obligation* reporting requirements include:
- (i) any monetary payment reportable by the last *Business Day* of the *Calendar Month*, following the *Calendar Month* in which the action being

indemnified occurred under Article 8.3 or Article 21.3 (Indemnification Payments), including the *Dollar* amount of each action being indemnified;

(ii) any monetary payment reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the obligation to reimburse occurred under Article 11.2, 11.3, 11.5 or 11.7 (Capped Tax, Targeted Tax, Restricted Tax, Other Taxes or Non-Participant Tax Reimbursements);

(iii) any monetary payment due the *Midstream Entity* and reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the obligation occurred under Article 11.4 (Fixed Payable Tax Increment Payment), with the supporting detail as described under Exhibit A.6D;

(iv) reimbursement of any payments to *Political Subdivisions* made by the *Midstream Entity* to fulfill an obligation to the *State* reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which payment was made under Article 21 and Exhibit G (Political Subdivision Reimbursement), including the *Dollar* amount of each *Political Subdivision* payment to be reimbursed;

(v) any transfer of an *Amount Due* to a *Midstream Entity* under Article 22.1(c)(iii) (Transfer Reimbursement);

(vi) any carried over *Midstream Amount Due* from the prior *Calendar Month* under Article 22.2(d)(i) (Carryover Underpayment);

(vii) any reimbursement due to the *Midstream Entity* reportable by the last *Business Day* of the *Calendar Month* following the *Calendar Month* in which the

State overpayment occurred under Article 22.3 (Midstream Entity Overpayment of Fiscal Obligations);

(viii) any unpaid monetary payment due the *Midstream Entity* under Article 26 and under this *Contract* only and not any other award outside this *Contract* (Midstream Entity Award), including the *Dollar* amount and date of each *Award*.

(c) Direct State Midstream Payments. The *Midstream Statement* must include a summary of any *State Midstream Monetary Obligation* monetary payment made directly by the *State* to the *Midstream Entity* under Article 22.4(b)(iii).

(d) Net Midstream Monetary Obligation. As provided under Article 22.2(c), if the *Net Midstream Monetary Obligation* calculated in the *Midstream Statement* is greater than zero, that statement provides the supporting detail for the accompanying payment which is payable by the *Midstream Entity* by the last *Business Day* before the twenty-first (21st) *Day* of the next *Calendar Month*. As provided under Article 22.2(d), if the *Net Midstream Monetary Obligation* calculated in the *Midstream Statement* is less than zero, that statement serves as an invoice to the *State* which is payable by the *State* by the last *Business Day* before the twenty-first (21st) *Day* of the next *Calendar Month*.

A.6A Midstream Entity Fixed Payable Tax Increment. If the *Fixed Payable Tax Increment* is negative for a *Midstream Entity*, that *Midstream Entity* shall report the following information in support of the *Fixed Payable Tax Increment* amount:

- (a) the *Actual Fixed Payable Tax Payment*;
- (b) the *Agreed Fixed Payable Tax Payment*; and
- (c) the absolute value of the *Fixed Payable Tax Increment*.

A.6B Midstream Entity Payment. A *Midstream Entity* shall report to the *State* the following information in support of the *Midstream Payment* amount paid for its *Midstream Element*:

- (a) the *Mainline Entity* shall report the total *Quantity* of *Gas* delivered into the *Mainline*, including any adjustments for prior *Calendar Months*;
- (b) a *Midstream Entity* owning a *GTP* shall each report the total *Quantity* of *Gas* delivered to the *Midstream Element* immediately downstream of that *GTP*, including any adjustments for prior *Calendar Months*;
- (c) a *Midstream Entity* owning a *Gas Transmission Pipeline* shall report:
 - (i) the total *Volume* of *Gas* delivered to the *Gas Transmission Pipeline* for each *Inlet Point Contribution*, including any adjustments for prior *Calendar Months*; and
 - (ii) the *Segment Length* of pipe associated with that *Inlet Point Contribution* for that *Gas Transmission Pipeline* measured to the nearest one-tenth (0.1) of one mile;
- (d) the total *Volume* or *Quantity* of *Gas* used in the calculation of *Midstream Payments*, including supporting documentation for the determination of the *Volume* or *Quantity*;
- (e) the unit rate applicable to the *Midstream Payment* amount being paid, including the calculation of the inflation adjustment under Article 36.1(a);
- (f) the total *Midstream Payment* amount payable to the *State*; and
- (g) the portion of the *Midstream Payment* amount payable to each *Political Subdivision* under Exhibit G.

A.6C Midstream Entity Payment in Lieu of SCIT. A *Midstream Entity* shall report the following information in support of the *Payment in Lieu of SCIT* amount:

- (a) The amount of the estimated *Payment in Lieu of SCIT* for the current *SCIT Calendar Year*, reportable by the last *Day* of the fourth (4th), sixth (6th), ninth (9th), or twelfth (12th) *Calendar Months*.
- (b) The amount of any required adjustment to the *Payment in Lieu of SCIT* obligation for the prior *Calendar Year*, reportable by the last *Day* of the fourth (4th) *Calendar Month*.
- (c) The amount of the final *Payment in Lieu of SCIT* for the prior *Calendar Year*, reportable by the last *Day* of the twelfth (12th) *Calendar Month*.

A.6D Midstream Entity Fixed Payable Tax Increment. If the *Fixed Payable Tax Increment* is positive for a *Midstream Entity*, that *Midstream Entity* shall report the following information in support of the *Fixed Payable Tax Increment* amount:

- (a) the *Actual Fixed Payable Tax Payment*;
- (b) the *Agreed Fixed Payable Tax Payment*;
- (c) the absolute value of the *Fixed Payable Tax Increment*.

A.7 Supporting Detail for the Payment in Lieu of Production Taxes.

[To be developed]

A.8 Supporting Detail for the Payment in Lieu of Oil Pipeline Ad Valorem Taxes. A *Participant* or its *Affiliate* having an *Oil Pipeline Ownership Interest* as of the first *Day* of that year, or a *Person* acting on behalf of the *Participant* or its *Affiliate* shall provide, or caused to be provided, the *State* with the following information in support of the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* amount paid for each *Oil Pipeline*:

- (a) the name of the *Oil Pipeline*;
- (b) the name of the *Participant* or the *Affiliate*, whichever holds the ownership interest in the *Oil Pipeline*;
- (c) the percentage of the *Participant's* or the *Affiliate's* share in the ownership of the *Oil Pipeline*;
- (d) a declaration of whether its ownership is directly in the pipeline or indirectly through ownership in a *Person* that is the sole owner of the pipeline and is not an *Affiliate* of the *Participant*, and if indirectly, the name of that *Person*; and
- (e) a declaration as of the *Valuation Date* of whether the *Oil Pipeline* began to transport *Unrefined Oil*, or whether it was then under construction or was completed but had not yet begun to transport *Unrefined Oil*; and
 - (i) if the *Oil Pipeline* did begin to transport *Unrefined Oil* before the *Valuation Date*, a declaration of the *Annual Barrels Tendered* during the prior *Calendar Year* into the *Oil Pipeline* including supporting documentation for the determination of the *Annual Barrels Tendered*, and the current *Average Annual Barrels Tendered* for the *Oil Pipeline*; or

- (ii) if the *Oil Pipeline* was under construction as of the *Valuation Date* or was completed but had not yet begun to transport *Unrefined Oil*, a declaration of the *Actual Cost* of the *Oil Pipeline* as of the *Valuation Date*.
- (f) the *\$/Barrel* rate applicable to the *Property* for which the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* is being made;
- (g) the total *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* payable to the *State*; and
- (h) the portion of the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* payable to each *Political Subdivision* under Exhibit G.

A.9 Units of Measure and Rounding Conventions. Numerical calculations must be rounded under the algorithm included in the most recent public release of the Microsoft Excel spreadsheet program. Financial and non-financial results must be reported as follows:

- (a) Monetary values (*Dollar* amount): input to calculations and results reported to the nearest whole *Dollar*;
- (b) Monetary rates (*Dollar* amount per unit): input to calculations and results reported to the number of significant figures specified for that rate in this *Contract*;
- (c) *Gas Volumes*: input to calculations and results reported to the nearest thousand *Cubic Feet*;
- (d) Liquid *Barrels*: input to calculations and results reported to the nearest tenth of a *Barrel* (or barrel of oil equivalent);
- (e) *Heating Value*: input to calculations and results reported to the nearest million *BTUs* per *MCF*;

- (f) Pipeline length: input to calculations and results reported to the nearest tenth (0.1) mile;
- (g) *Working Interest* percentages: input to calculations to seven (7) decimals and report results to six (6) decimals;
- (h) All other percentages: input to calculations, rounded and results reported to the nearest hundredth (0.01) of a percent;
- (i) All other values or rates not listed in Exhibit A.9(a) through (h): input to calculations and results reported to four (4) significant figures.

A.10 Address for Reports and Payments. A *Party* shall provide *Notice* to the applicable other *Parties* of the *Party's* address for receipt of reports and payments provided under Exhibit A.

EXHIBIT B**AUDIT PROCEDURES**

B.1 Initiation of Audit and Audit Notice. Subject to Exhibit B.4, the *Commissioner* or the *DNR Commissioner* may initiate an audit on behalf of the *State* relating to a *Participant's Fiscal Obligations*, by delivery of a *Notice* to the *Participant* from the *Administrator* (the “Audit Notice”) at least sixty (60) *Days* before the date on which the *State* desires to commence the audit:

- (a) identifying the *Calendar Year* or *SCIT Calendar Year* to be audited;
- (b) identifying the *Fiscal Obligation* to be audited; and
- (c) making a preliminary written request for *Audit Documents* to be made available at the commencement of the audit.

B.2 Audit Scope and Amendments. The scope of an audit is as generally provided under Article 25.2 and as further detailed under Article 25 and Exhibit B. To the extent that a report, invoice, or return is amended, the audit scope for that amendment is limited to those items in the *Audit Documents* changed or affected by the amendment.

B.3 Conduct of Certain Audits under Law.

(a) The audit procedures in Article 25 and Exhibit B apply to an audit of a *Participant's Fiscal Obligations* except the *State* shall conduct audits under *Law* of books and records with respect to the rights, privileges, and obligations concerning:

(i) *Royalty Bearing Gas* delivered to a *Delivery Point* but not to a *Midstream Element* before the *Commencement of Commercial Operations* under Article 12.1(a)(i)(B);

(ii) *Royalty Bearing Gas* that is not delivered to a *Midstream Element* under Article 12.1(b)(iii), if the *State* has made a one-time election under Article 12.1(b)(iii)(B);

(iii) *Tax Bearing Gas* delivered to a *Delivery Point* but not to a *Midstream Element* before the *Commencement of Commercial Operations* under Article 13.2(a)(ii); or

(iv) *Tax Bearing Gas* that is not delivered to a *Midstream Element* under Article 13.2(b)(iii), if the *State* has made a one-time election under Article 13.2(b)(iii)(B).

(b) Audits regarding taxability, valuation, or the amount of a *Tax* levied by a *Political Subdivision* are addressed in Article 11.12(a).

B.4 Audit Coordination.

(a) Calendar Year Audit. An audit must cover a full *SCIT Calendar Year* for an audit for *Payment in Lieu of SCIT*, and a full *Calendar Year* for all other audits, unless the affected *Parties* agree to an audit of multiple full *SCIT Calendar Years* or *Calendar Years*.

(b) Frequency of Audits. For each *Participant*, the *State* may conduct one audit for each of the following in any *Calendar Year*:

- (i) satisfaction of *Fiscal Obligations* under Articles 12, 13, 14, 15, 16, 17 and 20, and associated *Measurements* under Article 24; or
- (ii) satisfaction of *Fiscal Obligations* under Article 19, except that:
 - (A) if a *SCIT Calendar Year* is not concurrent with a *Calendar Year*, then a second audit may occur limited to *Payment in Lieu of SCIT* for that *SCIT Calendar Year*;
 - (B) if an amended *Payment in Lieu of SCIT* return has been filed as specified in Article 25.3, then a second audit may occur limited to those items which were changed in that amended return;
- (iii) satisfaction of all other *Fiscal Obligations*; or
- (iv) amended items under Article 25.2(d) for the *Calendar Year* affected by that amendment.

If the *State* has accepted *Measurement* information for a *Calendar Year* as part of any audit, the *State* must rely on that *Measurement* information for all other audits for that *Calendar Year*.

(c) Audit Coordination. Upon request by the *State*, the *Participant* shall identify and make available a single point of contact for an audit (“Audit Coordinator”).

- (i) The *Audit Coordinator* shall facilitate *State* site inspections to:
 - (A) confirm cessation of production under Articles 15.4 and 16.3;

(B) witness proving or testing of a *Participant's* measurement equipment under Article 24 but only if that measurement equipment is utilized by that *Participant* to establish a *Fiscal Obligation*; or

(ii) The *Audit Coordinator* shall be available or may make a knowledgeable person available to address *Audit Document* issues.

B.5 Document Coordination. The *Participant* being audited shall make *Audit Documents* available to the *State* at the location where the *Audit Documents* are maintained or at another mutually-agreed location. The *Participant* being audited shall respond to a request for *Audit Documents* within sixty (60) *Days*.

B.6 Failure to Provide Audit Documents.

(a) Audit Document Disputes. If the *State* believes that a *Participant* has failed to provide the *Audit Documents* necessary to complete an audit, the *State* may issue a *Notice of Dispute*. If the *Tribunal* issues an *Award* in favor of the *State* and orders the *Participant* to produce specific *Audit Documents*, the *Audit Period* for any item affected by the *Dispute* is tolled during the *Dispute* and until the *Audit Documents* have been delivered to the *State*. If the *Tribunal* issues an *Award* in favor of the *Participant*, the *Audit Period* concludes the later of:

- (i) the previously established expiration date for the *Audit Period*; or
- (ii) sixty (60) *Days* following the date of the *Award*.

All *Disputes* regarding a *Participant's* production of *Audit Documents* for an audit must be consolidated into a single proceeding for purposes of resolving the *Dispute* under Article 25 and Exhibit C.

(b) Subsequent Audit Document Disputes. In a *Dispute* under Exhibit B.6(a), if the *Tribunal* issues an *Award*:

(i) in favor of the *Participant* on all *Audit Document* issues, then the *State* may not initiate a subsequent *Dispute* regarding production of *Audit Documents* for that audit;

(ii) in favor of the *State* on all *Audit Document* issues, then the *State* may initiate a subsequent *Dispute* regarding production of *Audit Documents* for that audit;

(iii) in favor of the *State* on some *Audit Document* issues (“Awarded Document”) and a *Participant* on other *Audit Document* issues, then the *State* may initiate a subsequent *Dispute* regarding production of the *Awarded Documents* or other *Audit Documents*, if the need for other *Audit Documents* could not reasonably have been foreseen before production of the *Awarded Document*.

(c) Failure to Comply. If the *Tribunal* orders a *Participant* to deliver *Audit Documents* to the *State* and the *Participant* fails to comply with that *Award*, the *State* may:

(i) enforce the *Award*; or

(ii) issue an *Audit Report*.

If a *Participant* issues a *Notice of Dispute* relating to an *Audit Report* issued after that *Participant* failed to comply with an *Award* of the *Tribunal* to provide any *Audit Document*, the *Participant* may not, without the express permission of the *State* or an express finding by the *Tribunal* that the failure to comply was not willful, introduce that *Audit Document* in the *Dispute* resolution process.

B.7 Retention of Documents. For all closed *Audit Periods*, a *Participant* is not required to retain *Audit Documents* unless they are:

- (a) subject to an unresolved *Audit Exception*;
- (b) subject to audit as the result of an *Audit Period* extension;
- (c) relevant to an unresolved *Dispute*, and a *Notice of Dispute* has been received by the *Participant* subject to the audit;
- (d) necessary for an amended *Payment in Lieu of SCIT* as provided in Article 19 and Article 25; or
- (e) necessary to support the computation of a component of a *Participant's Fiscal Obligations* for a subsequent year beyond the current *Audit Period*, and the *State* has provided sufficient *Notice* to the *Participant* that those *Audit Documents* are relevant.

B.8 Confidential Treatment of Audit Documents. All *Audit Documents* and the information in those *Audit Documents* that are provided to or made available to the *State* or its audit representatives are confidential under this *Contract* and *State Law*.

B.9 Presumption of Accuracy and Finality. After the *Audit Period*, a *Participant's Audit Documents* are presumed to be accurate and final for that *Audit Period* unless:

- (a) the *Audit Document* is the subject of an *Audit Exception* which has not been resolved;
- (b) the *Audit Document* is relevant to an issue that is still subject to audit as a result of an *Audit Period* extension;
- (c) the *Audit Document* is relevant to a *Dispute*, and a *Notice of Dispute* has been received by the *Participant* subject to the audit;
- (d) the *State* can establish by clear and convincing evidence that the *Audit Document* was created by the *Participant* with the intent to avoid payment of its *Fiscal Obligations*;
- or
- (e) the *Audit Document* is relevant to an amended *Payment in Lieu of SCIT*, which is still subject to audit.

B.10 Conduct of Audit. The *State* shall conduct audits in a manner that minimizes inconvenience to the affected *Participant*, including conducting audits simultaneously, when appropriate. The *State* shall bear all costs incurred by it or its audit representatives in conducting an audit, except as provided under Article 11.7.

B.11 Audit Completion. The *State* shall complete each audit or amended audit and issue a final written *Audit Report* to the audited *Participant* in accordance with the provisions of Article 25. The *Audit Period* may be extended only by written agreement of the *State* and the *Participant* subject to the audit. The *State* shall provide the *Participant* a copy of the written

Audit Report before the end of the *Audit Period*. The *Audit Report* may not be amended, modified, or supplemented after the end of the *Audit Period*, or amended *Audit Period*, if extended.

B.12 Audit Exception Response and Resolution.

(a) Audit Exception Amicable Resolution Process. The *Participant* subject to an audit shall respond in writing indicating whether it agrees with the *Audit Exceptions* within one hundred twenty (120) *Days* of receiving the *Audit Report*. If the *Participant* fails to respond in writing to an *Audit Exception* within one hundred and twenty (120) *Days*, the *Audit Exception* is deemed correct and conclusively established. The *State* and the *Participant* shall meet in an effort to resolve any *Audit Exception* not otherwise agreed or conclusively established. Unless otherwise agreed, the *State* and the *Participant* shall have one hundred eighty (180) *Days* from the date of the *Participant's* first written response with respect to any *Audit Exception* to resolve that *Audit Exception* ("Resolution Period").

(b) Audit Exception Disputes. If an *Audit Exception* is not resolved by the end of the *Resolution Period*, a *Party's* sole remedy is to provide a *Notice of Dispute* and that *Notice of Dispute* must be filed within one hundred and twenty (120) *Days* from the end of the *Resolution Period*. All *Disputes* related to *Audit Exceptions* in an *Audit Report* must be joined for resolution in a single proceeding under Article 25 and Exhibit C. The *Award* must address each *Audit Exception* individually.

EXHIBIT C**MANDATORY DISPUTE RESOLUTION PROCEDURES****C.1 Overview.**

(a) Scope. Exhibit C sets forth mandatory *Dispute* resolution procedures (“Dispute Procedures”) that govern any *Dispute* within the scope of Article 26. These *Dispute Procedures* are subject to and incorporate the terms and conditions of this *Contract*, including Article 26, the definitions in Article 1, the drafting conventions in Article 2 and *Notice* under Article 30.

(b) Summary of Dispute Resolution Processes. These *Dispute Procedures* describe three processes for resolving a *Dispute*. First, Exhibit C.2 sets forth a mandatory amicable resolution process that must be followed before *Arbitration* is invoked. If the amicable resolution process does not yield a complete resolution of a *Dispute*, the *Arbitration* process provided in Exhibit C.3 may be invoked. However, in a *Dispute* under Article 5, Article 10.3(d)(ii), Article 8.7, Article 14, or Exhibit P the *Parties* are not required to exhaust the amicable resolution process in Exhibit C.2. In cases where the *Parties* are not required to exhaust the amicable resolution process in Exhibit C.2, a *Party’s Notice of Dispute* constitutes a *Notice of Arbitration*. The third process is a voluntary mediation process that may be invoked as provided in Exhibit C.4.

C.2 Amicable Resolution Process.

- (a) Notice. If the *State* has a *Dispute* with a *Participant* or a *Participant* has a *Dispute* with the *State*, then the *State* or the *Participant*, as the case may be, may provide a *Notice* to the other requesting amicable resolution of the *Dispute* (“Notice of Dispute”). The *Notice* must identify the nature of the *Dispute* in reasonable detail. A copy of the *Notice* must be provided to all *Parties*.
- (b) Response to Notice. A *Party* receiving a *Notice* under Exhibit C.2(a) shall, within fifteen (15) *Days* of the effective date of the *Notice*, respond in writing, setting forth its position.
- (c) Resolution Meeting. Within sixty (60) *Days* after the effective date of the *Notice* described in Exhibit C.2, a meeting to resolve the *Dispute* (“Resolution Meeting”) must be held at a mutually acceptable time and location. The *Party* issuing the *Notice* and the *Party* receiving the *Notice* shall be represented by their *Senior Executive*, and may be accompanied by an attorney. A “*Senior Executive*” is a person who has authority to settle the *Dispute*.
- (d) Conduct of Resolution Meeting. At the *Resolution Meeting*, the attending *Senior Executives* shall exchange relevant information and undertake a good faith effort to settle the *Dispute* amicably through negotiation.
- (e) Termination of Amicable Resolution Process. If a *Dispute* has not been resolved within one hundred twenty (120) *Days* after the effective date of the *Notice* described in Exhibit C.2, or if a *Resolution Meeting* has not occurred within sixty (60) *Days* after the effective date of that *Notice*, then the *Arbitration* process provided in Exhibit C.3 may be invoked.

(f) Confidentiality. All negotiations under this Exhibit C.2 are confidential and are to be treated as compromise and settlement negotiations for all purposes. *Notices* requesting amicable resolution of a *Dispute* and responses to those *Notices*, statements, offers, or information provided in the negotiations are not admissible as evidence in any later proceeding, unless the statement, offer, or information provided is otherwise discoverable and admissible.

C.3 Mandatory Arbitration Process.

(a) Commencement of Arbitration. The *State* may commence an *Arbitration* against a *Participant* or a *Participant* may commence an *Arbitration* against the *State* by providing *Notice* of commencement of *Arbitration* (“Notice of Arbitration”) to the other, with a copy to each other *Participant*. A *Party* issuing a *Notice of Arbitration* is a “*Claimant*” and a *Party* to whom the *Notice* is addressed is a “*Respondent*”.

(b) The *Notice of Arbitration* must include:

- (i) The full name, description, and address of the *Claimant* and *Respondent*;
- (ii) A demand that the *Dispute* be referred to *Arbitration* under these *Dispute Procedures*;
- (iii) A statement verifying the satisfaction of the requirements of Exhibit C.2 by describing the unsuccessful efforts to amicably resolve the *Dispute*;
- (iv) A statement of the general nature of the *Claimant’s* claim;
- (v) A statement whether the *Dispute* is, or the *Claimant* wishes the *Dispute* to be, subject to *Baseball Arbitration* under Exhibit C.18;
- (vi) The relief or remedy sought; and

- (vii) If the *Dispute* is a *Multi-Participant Dispute*, a statement in bold print “This is a *Multi-Participant Dispute*”.
- (c) Within twenty (20) *Days* after the effective date of the *Notice of Arbitration*, the *Respondent* shall deliver a *Notice* to the *Claimant*, with a copy to each other *Party*, setting forth its response to the *Notice of Arbitration* (“*Response*”). Failure to deliver a *Response* does not delay the *Arbitration* and in that event all claims provided in the *Notice of Arbitration* are deemed denied by the *Respondent*.
- (d) The *Response* must include:
 - (i) Any comment on matters contained in the *Notice of Arbitration* that the *Respondent* deems appropriate;
 - (ii) A statement of the general nature of the *Respondent’s* position;
 - (iii) A statement whether the *Dispute* is, or the *Respondent* wishes the *Dispute* to be, subject to *Baseball Arbitration* under Exhibit C.18;
 - (iv) If the *Response* includes a counterclaim, the items listed in Exhibit C.3(b); and
 - (v) If the *Response* contains a counterclaim that includes a *Multi-Participant Dispute*, a statement in bold print “This is a *Multi-Participant Dispute*”.
- (e) If a counterclaim is asserted within twenty (20) *Days* after the effective date of the *Response*, the *Claimant* shall deliver a reply to the counterclaim that addresses the items listed in Exhibit C.3(d)(i) and (ii), with a copy to each other *Party*. Failure to deliver a reply to a counterclaim does not delay the *Arbitration* and in that event all counterclaims provided in the *Response* are deemed denied by the *Claimant*.

(f) A *Claim* or counterclaim within the scope of Article 26 involving a common question of *Law* or fact with a pending claim or counterclaim (“Additional Claim”) may be added or amended before the establishment of the *Tribunal*. After establishment of the *Tribunal*, an *Additional Claim* may not be added or amended if it would create a *Multi-Participant Dispute*. Otherwise, after establishment of the *Tribunal*, an *Additional Claim* may be added or amended with the approval of the *Tribunal* for good cause shown. The requirements of the amicable resolution process described in Exhibit C.2 are waived for claims and counterclaims added or amended under Exhibit C.3(f). *Responses* or replies to amended claims or counterclaims must be delivered within twenty (20) *Days* after receipt of an amended claim or counterclaim.

(g) A *Dispute*, except a *Multi-Participant Dispute*, is between the *State*, on the one part, and a single *Participant*, on the other part. Except for a *Dispute* where the *State* seeks to terminate this *Contract*, the *State* may only issue a *Notice of Arbitration* to a single *Participant*. Before the establishment of a *Tribunal*, *Participants* who have *Disputes* with the *State* that are related by common questions of *Law* or fact may, by mutual agreement among those *Participants*, join together to assert a common position and jointly defend or prosecute their *Disputes* against the *State* in a single *Arbitration* proceeding. *Participants* that join their claims for resolution in a single *Arbitration* proceeding are to be treated as a single *Claimant* or a single *Respondent*, as the case may be.

(h) Multi-Participant Dispute.

(i) For purposes of Exhibit C, a *Multi-Participant Dispute* is a *Dispute* between the *State* and more than one *Participant*

- (A) in which *Participants* have joined together under Exhibit C.3(g);
- (B) in which any *Party* seeks to terminate the *Contract*;
- (C) that arises under Article 8.7 or Article 23;
- (D) in which the *State* seeks to administratively terminate the rights and obligations of a *Participant* under Article 28.1(a);
- (E) that relates to the *Confidentiality* of information to the extent that information is owned by a *Requesting Participant*; or
- (F) in which a *Requesting Participant* overcomes a presumption in favor of allowing each *Participant* to resolve its *Dispute* with the *State* separately, by making a showing by clear and convincing evidence that:
 - (1) complete relief cannot be accorded between the *Claimant* and *Respondent* without the presence of the *Requesting Participant* in the *Arbitration*; or
 - (2) the *Requesting Participant*:
 - (a) has substantial interests in the *Dispute*; and
 - (b) is so situated that the resolution of the *Dispute* in its absence will, as a practical matter, materially adversely impair or impede its ability to protect those interests; and
 - (c) would not have an adequate remedy available through a separate *Arbitration*.

The potential for inconsistent results is not by itself sufficient to overcome a presumption against certification.

- (ii) Only a *Participant* may request certification of a *Dispute* as a *Multi-Participant Dispute*. The *Requesting Participant* shall provide *Notice* that it is requesting certification of a *Dispute* as a *Multi-Participant Dispute* to all *Parties* within ten (10) *Days* after the effective date of the *Response* or of the assertion of a counterclaim, or amended or new claim or counterclaim. The *Notice* must state the basis for its claim that the *Dispute* is a *Multi-Participant Dispute*. If neither the *Claimant* nor the *Respondent* object to the *Notice* within ten (10) days after the effective date of the *Notice*, the *Dispute* must be certified as a *Multi-Participant Dispute* and the *Requesting Participant* becomes a *Party to the Dispute*.
- (iii) After the *Tribunal* is selected, it shall promptly resolve a request for certification by a *Requesting Participant* and any other issue concerning rights of a *Party* to an *Arbitration* under Exhibit C.3(h). If the *Tribunal* grants the certification request, the *Requesting Participant* becomes a *Party to the Dispute*.
- (i) If the *Arbitration* is a *Multi-Participant Dispute*, and at least one *Participant* has complied with the amicable resolution process described in Exhibit C.2, then the requirements of Exhibit C.2 are waived for the remaining *Participants*.
- (j) A *Participant* may not make a claim against or seek relief from another *Participant* under Article 26 or these *Dispute Procedures*. In a *Multi-Participant Dispute*, however, with regard to a *Participant's* claim against the *State* or relief sought by a *Participant* from the *State*, each *Participant* may take a position that may be different from or adversely affect the position of another *Participant*.
- (k) *Arbitration* may not be used to re-arbitrate the merits of a *Dispute*.

C.4 Representation. Each *Party to the Dispute* may be represented or assisted by persons of their choice and shall communicate the name, address, and function of those persons in writing to each other and to the *Tribunal*.

C.5 Selection of Arbitrators.

- (a) Unless otherwise agreed by the *Parties to the Dispute*, the *Tribunal* is comprised of three (3) arbitrators.
- (b) The *Parties to the Dispute* shall attempt jointly to select the arbitrators within seventy-five (75) *Days* of the effective date of the *Notice of Arbitration*.
- (c) If the *Parties to the Dispute* have not selected the three (3) arbitrators by agreement within seventy-five (75) *Days* of the effective date of the *Notice of Arbitration*, then a *Party to the Dispute* may request International Institute for Conflict Prevention & Resolution (“CPR”) in writing to proceed under Exhibit C.6(b) for selection of any remaining arbitrators. Once selected, the *Tribunal* shall appoint one arbitrator from among them to chair the *Tribunal*.

C.6 Selection of Arbitrators by CPR.

- (a) A written request to *CPR* to proceed under Exhibit C.6(b) must include a copy of these *Dispute Procedures*, and each *Notice of Arbitration*, *Response*, reply, amendment, and other *Notice* served among the *Parties to the Dispute*. *Notices* requesting amicable resolution of a *Dispute* and responses to those *Notices* must not be provided to *CPR*.
- (b) *CPR* shall proceed as follows:

- (i) Promptly following receipt by *CPR* of a request under Exhibit C.5(c) moving it to proceed under Exhibit C.6(b), *CPR* shall convene the *Parties to the Dispute* in person or by telephone to attempt to select the arbitrator(s) by agreement.
- (ii) If the procedure provided for in Exhibit C.6(b)(i) does not result in the selection of the required number of arbitrators within twenty (20) *Days* after a request under Exhibit C.5(c), *CPR* shall submit to the *Parties to the Dispute* a list, from the *CPR* Panels, of not less than five (5) candidates if one arbitrator remains to be selected, and of not less than seven (7) candidates if two (2) or three (3) arbitrators are to be selected. The list must include a brief statement of each candidate's qualifications. Each *Party to the Dispute* may strike one candidate from the list. The *Parties to the Dispute* shall number the remaining candidates in order of preference, note any objection to any candidate, and deliver the list so marked to *CPR*. If a *Party to the Dispute* fails without good cause to return the candidate list so marked within ten (10) *Days* after receipt, it is deemed to have assented to all the listed candidates. For each vacancy, *CPR* shall designate as arbitrator the nominee willing to serve for whom the *Parties to the Dispute* collectively have indicated the highest preference and who appears to meet the standards provided in Exhibit C.7. If a tie between two (2) candidates results, *CPR* may designate either candidate. If this procedure for any reason fails to result in designation of the required number of arbitrators or if a *Party to the Dispute* fails to participate in this procedure, *CPR* shall appoint a person or persons whom it deems most qualified to fill any remaining vacancy.

C.7 Qualifications, Challenges and Replacement of Arbitrator(s)

(a) Each arbitrator must be independent and impartial. The arbitrators must be knowledgeable, by professional or academic training, experience or ability, concerning the subject matter of the *Dispute* which they are to resolve. An arbitrator may not have been employed by the *State* or any *Political Subdivision*, or by a *Participant* or any of its *Affiliates*, for a period of ten (10) years preceding issuance of the *Notice of Arbitration*.

(b) By accepting appointment, each arbitrator is bound by these *Dispute Procedures* and any permitted amendments or modifications, and represents that he or she has the time available to devote to the expeditious process contemplated by these *Dispute Procedures* and meets the requirements provided in Exhibit C.7(a).

(c) At the time of appointment, each arbitrator shall disclose in writing to the *Tribunal* and the *Parties to the Dispute* any circumstances that might give rise to justifiable doubt regarding that arbitrator's independence or impartiality. These circumstances include bias, interest in the result of the *Arbitration*, or past or present relations with a *Party to the Dispute* or their respective counsel. Should such circumstances arise after an arbitrator's appointment, that arbitrator shall promptly disclose the circumstances to the *Tribunal* and the *Parties to the Dispute*.

(d) No *Party to the Dispute* or anyone acting on its behalf shall have ex parte communications concerning any matter of substance relating to the *Arbitration* with any arbitrator or arbitrator candidate.

- (e) Any arbitrator may be challenged if circumstances exist or arise that give rise to justifiable doubt regarding that arbitrator's independence or impartiality or satisfaction of the requirements of Exhibit C.7(a).
- (f) A *Party to the Dispute* may challenge an arbitrator only by a *Notice to CPR*, with a copy to the *Tribunal* and the other *Parties to the Dispute* given no later than fifteen (15) *Days* after that *Party to the Dispute* (i) receives notification of the appointment of that arbitrator, or (ii) becomes aware of the circumstances specified in Exhibit C.7(e), whichever occurs last. The *Notice* must state the reasons for the challenge with specificity.
- (g) When an arbitrator has been challenged, the *Parties to the Dispute* may agree to the challenge and disqualify and remove the arbitrator, or the arbitrator may voluntarily withdraw. Neither of these actions implies acceptance of the validity of the challenge.
- (h) If neither agreed disqualification nor voluntary withdrawal occurs, the *CPR* shall decide the challenge, after providing each non-challenger and each member of the *Tribunal* with an opportunity to comment on the challenge.
- (i) In the event of death, resignation or successful challenge of an arbitrator, a substitute arbitrator must be selected in the manner he or she was originally selected.
- (j) In the event that an arbitrator fails to act or is by law or fact prevented from duly performing the functions of an arbitrator, the procedures provided in Exhibit C.7(i) apply to the selection of a replacement. If the *Parties to the Dispute* do not agree on whether the arbitrator has failed to act or is prevented from performing the functions of an arbitrator, then *CPR* shall make that determination.

(k) If the chair of the *Tribunal* is replaced, the successor decides the extent to which hearings held previously are to be repeated. If any other arbitrator is replaced, the *Tribunal* may require that some or all prior hearings be repeated.

C.8 Challenges to the Jurisdiction of the Tribunal.

(a) The *Tribunal* has the power to hear and determine challenges to its jurisdiction, including objections with respect to the scope of Article 26 and this Exhibit C. A challenge, except challenges based on the *Award* itself, must be made not later than thirty (30) *Days* after the *Tribunal* is established, provided that if a claim or counterclaim is later added or amended a challenge may be made not later than the *Response* or reply to that added or amended claim or counterclaim.

(b) For purposes of *Disputes* under this *Contract*, the *Parties* waive any defense based upon sovereignty, including immunity to arbitration, and immunity to judicial proceedings to enforce or aid any arbitration with respect to judicial proceedings as provided in Article 26.2.

C.9 General Provisions with Respect to the Conduct of the Arbitral Proceedings.

(a) Subject to these *Dispute Procedures*, the *Tribunal* may conduct the *Arbitration* in the manner it deems appropriate. The chair shall organize arbitral conferences and hearings and arrangements with respect to the functioning of the *Tribunal*.

(b) The proceedings must be conducted in an expeditious manner. The *Tribunal* is empowered to impose time limits it considers reasonable on each phase of the proceeding, including the time allotted for case presentation and rebuttal. In setting time

limits, the *Tribunal* should bear in mind its obligation to manage the proceeding firmly in order to complete proceedings as economically and expeditiously as possible.

(c) The *Tribunal* shall hold an initial pre-hearing conference for the planning and scheduling of the proceeding. The conference must be held promptly after the constitution of the *Tribunal*, unless the *Tribunal* believes that further submissions are appropriate before the conference. The objective of this conference is to discuss all elements of the *Arbitration* and to plan for its future conduct. Matters to be considered in the initial pre-hearing conference may include the following:

- (i) Procedural matters (such as determinations relating to whether the *Arbitration* should proceed as a *Multi-Participant Dispute*; setting specific time limits for, or the manner of, any required discovery consistent with Exhibit C.11; issues relating to the conduct of the *Arbitration* as *Conventional Arbitration* or *Baseball Arbitration*; scheduling of conferences and hearings; scheduling of pre-hearing memoranda; need for and type of record of conferences and hearings, including the need for transcripts; amount of time allotted to the *Parties to the Dispute* for case presentation and rebuttal; mode, manner and order for presenting proof; need for expert witnesses and how expert testimony should be presented; and necessity for any on-site inspection by the *Tribunal*);
- (ii) The early identification and narrowing of the issues in the *Arbitration*;
- (iii) The possibility of stipulations of fact and admissions as well as simplification of document authentication;
- (iv) The possibility of appointment of a neutral expert by the *Tribunal*; and
- (v) The possibility of settlement negotiations.

After the initial conference, further pre-hearing or other conferences may be held as the *Tribunal* deems appropriate.

(d) In order to define the issues to be heard and determined, the *Tribunal* may make pre-hearing orders and require a more detailed statement of claim or defense, and pre-hearing memoranda.

(e) The *Parties* shall agree upon the place of *Arbitration*. Absent agreement, the *Tribunal* shall determine the place of the *Arbitration*. Regardless of the place of the *Arbitration*, the *Award* is deemed made in *Alaska*. The *Tribunal* may schedule meetings and hold hearings telephonically or by other means or at locations mutually agreed by the *Parties to the Dispute* or, failing agreement, by the *Tribunal*.

(f) All *Notices*, documents, communications or information relating to an *Arbitration* submitted by a *Party to the Dispute* to *CPR* or the *Tribunal* must be served on each other *Party to the Dispute*.

C.10 Applicable Law and Remedies

(a) The United States Arbitration Act, 9 U.S.C. §§ 1-16 and not the State of Alaska Revised Uniform Arbitration Act, AS 09.43.300 – AS 09.43.595, governs the *Arbitration*. Otherwise, the *Tribunal* shall apply the substantive *Law* of *Alaska* and shall decide the *Dispute* in accordance with the terms of this *Contract*.

(b) The *Tribunal* may grant any remedy or relief, including provisional relief and specific performance, that is within the scope of this *Contract* and permissible under the *Law* applicable to the *Dispute*. The *Tribunal* may not grant a remedy or relief precluded by this *Contract*.

(c) The *Tribunal* may award pre-Award or post-Award *Interest* taking into consideration this *Contract* and *Law*.

C.11 Discovery.

(a) The *Tribunal* may require and facilitate discovery it determines is appropriate in the circumstances, taking into account the needs of each *Party to the Dispute* and the desirability of making discovery expeditious and cost-effective. In requiring and facilitating discovery, the *Tribunal* shall make best efforts to limit and simplify discovery.

(b) Except for a *Dispute* under Article 14 or Exhibit P, each *Party to the Dispute* is:

- (i) prohibited from the taking of depositions on written questions;
- (ii) entitled to expert reports, other than consulting expert reports, prepared on behalf of a *Party to the Dispute*;
- (iii) limited to three (3) requests for production of documents; and
- (iv) limited to:
 - (A) two (2) oral depositions for a *Dispute* involving less than five hundred thousand *Dollars* (\$500,000);
 - (B) three (3) oral depositions for a *Dispute* involving five hundred thousand *Dollars* (\$500,000) or more but less than one million *Dollars* (\$1,000,000);
 - (C) five (5) oral depositions for all *Disputes* not identified in Exhibit C.11(b)(iv)(A) and (B) unless, upon application and good cause shown, the *Tribunal* determines that a *Party to the Dispute* should each be allowed

more than five (5) oral depositions;

(D) oral depositions of any expert witness; and

(E) in a *Multi-Participant Dispute*, each side to a *Dispute* is entitled to no less than two (2) oral depositions.

(c) For a *Dispute* under Article 14 or Exhibit P, the *Tribunal* shall determine the scope and extent of discovery under the principles provided under Exhibit C.11(a).

(d) In addition to the protections provided by Exhibit C.17, the *Tribunal* may issue orders to protect the confidentiality of proprietary information, trade secrets and other sensitive information disclosed in discovery.

C.12 Evidence and Hearings.

(a) The *Tribunal* shall determine the manner in which the *Parties to the Dispute* present their cases. Unless otherwise determined by the *Tribunal* or agreed by the *Parties to the Dispute*, the presentation will include the submission of a prehearing memorandum including the following elements:

(i) statement of facts;

(ii) statement of each claim being asserted;

(iii) statement of the applicable law and authorities relied upon;

(iv) statement of the relief requested, including the basis for any damages claimed; and

(v) statement of the nature and manner of presentation of the evidence, including the name, capacity and subject of testimony of any witnesses to be called and an estimate of the time required for each witness's direct testimony.

- (b) If requested by a *Party to the Dispute* or if the *Tribunal* directs, a hearing must be held for the presentation of evidence and oral argument. Testimony may be presented in written or oral form as the *Tribunal* determines appropriate. The *Tribunal* is not required to apply the rules of evidence used in judicial proceedings. However, the *Tribunal* shall apply the lawyer-client privilege and the work product immunity. The *Tribunal* determines the applicability of any privilege or immunity and the admissibility, relevance, materiality and weight of the evidence offered.
- (c) The *Tribunal* may require the production of evidence in addition to that initially offered. It may also appoint neutral experts whose testimony must be subject to cross-examination and rebuttal.
- (d) The *Tribunal* determines the manner in which witnesses are to be examined and may exclude witnesses from hearings during the testimony of other witnesses.

C.13 Interim Measures of Protection. At the request of a *Party to the Dispute*, the *Tribunal* may grant interim relief that it deems necessary, including measures for the preservation of assets, the conservation of goods, or the sale of perishable goods. The *Tribunal* may require appropriate security as a condition of ordering such measures.

C.14 Award.

- (a) The decision of a majority of the arbitrators constitutes the decision of the *Tribunal* (“Award”). The *Tribunal* may make final, interim, interlocutory and partial *Awards*. With respect to any interim, interlocutory or partial *Award*, the *Tribunal* shall

state in its *Award* whether or not it views the *Award* as final for purposes of judicial proceedings in connection with the *Award*.

(b) Each *Award* must be in writing and, except for an *Award* under *Baseball Arbitration*, must state the reasoning on which it rests unless the *Parties to the Dispute* agree otherwise. An *Award* under *Baseball Arbitration* must identify only which *Final Offer* is adopted by the *Tribunal* and must contain no further explanation. *Awards* must be dated and signed by at least a majority of the arbitrators.

(c) A member of the *Tribunal* who does not join in an *Award* may file a dissenting opinion. That opinion must not constitute part of the *Award*. A dissenting opinion in an *Award* under *Baseball Arbitration* must be limited to an identification of the *Final Offer* that the dissenting arbitrator believed was more meritorious.

(d) Executed copies of *Awards* and of any dissenting opinion must be delivered by the *Tribunal* to each *Party to the Dispute*.

(e) Within fifteen (15) *Days* after receipt of the *Award*, a *Party to the Dispute* may request the *Tribunal* to interpret the *Award*; correct any clerical, typographical or computation errors, or any errors of a similar nature in the *Award*; or make an additional *Award* as to claims or counterclaims presented in the *Arbitration* but not determined in the *Award*. The *Tribunal* shall make any interpretation, correction or additional *Award* requested that it deems justified within thirty (30) *Days* after receipt of the request. Within fifteen (15) *Days* after delivery of the *Award* or, if a *Party to the Dispute* requests an interpretation, correction or additional *Award*, within thirty (30) *Days* after receipt of the request, the *Tribunal* may make corrections and additional *Awards* on its own

initiative that it deems appropriate. All interpretations, corrections, and additional *Awards* must be in writing, and the provisions of Exhibit C.14 apply to them.

(f) The *Award* is final and binding on the *Parties to the Dispute* and must be carried out without delay. If an interpretation, correction or additional *Award* is requested, or a correction or additional *Award* is made by the *Tribunal* on its own initiative as provided in Exhibit C.14(e), the *Award* is final and binding on the *Parties to the Dispute* when the interpretation, correction or additional *Award* is made by the *Tribunal* or upon the expiration of the time periods provided in Exhibit C.14(e) for interpretation, correction or additional *Award*, whichever is earlier.

(g) The *Dispute* should in most circumstances be submitted to the *Tribunal* for decision within six (6) months after the initial pre-hearing conference required by Exhibit C.9(c). The final *Award* should in most circumstances be rendered within one (1) month thereafter. The *Parties to the Dispute* and the *Tribunal* shall use best efforts to comply with this schedule.

(h) Subject to Article 37.3, payment of monies provided in the *Award* must be made as provided under Article 22.

(i) An *Award* is binding only on the *Parties to the Dispute*. The *Award* is not binding on a *Participant* that was not a *Party to the Dispute*. An *Award* may not be admitted into evidence, cited as precedent, or otherwise used by the *State* unless the *Participant* against whom the *Award* is to be used was a *Claimant* or *Respondent* in the *Arbitration* which gave rise to that *Award*.

C.15 Failure to Comply with Exhibit C.11. If a *Party to the Dispute* fails to comply with Exhibit C.11, or any order of the *Tribunal* under Exhibit C.11, in a manner deemed material by the *Tribunal*, the *Tribunal* shall fix a reasonable period of time for compliance and failing compliance may impose a remedy it deems just, including an *Award* on default. Before entering an *Award* on default, the *Tribunal* may require production of evidence and legal argument that the *Tribunal* deems appropriate. The *Tribunal* may receive the evidence and argument without the defaulting *Party's* presence or participation.

C.16 Costs.

(a) Each arbitrator must be compensated on a reasonable basis determined at the time of appointment for serving as an arbitrator and must be reimbursed for any reasonable travel and other expenses. If the *Parties to the Dispute* and an arbitrator are unable to agree upon reasonable compensation, then any *Party to the Dispute* or that arbitrator may, in writing, request that *CPR* establish the compensation for that arbitrator. Promptly following receipt by *CPR* of a request to establish compensation, *CPR* shall convene the *Parties to the Dispute* and the arbitrator in person or by telephone to attempt to establish that arbitrator's compensation by agreement. If the arbitrator's compensation has not been established by agreement within five (5) *Days* after the request to *CPR*, then *CPR* shall establish that arbitrator's compensation.

(b) The *Tribunal* shall fix the costs of *Arbitration* in its *Award*. The costs of *Arbitration* include:

- (i) fees and expenses of members of the *Tribunal*;
- (ii) costs of expert advice and other assistance engaged by the *Tribunal*;

- (iii) charges and expenses of *CPR* with respect to the *Arbitration*;
- (iv) costs of a transcript; and
- (v) costs of meeting and hearing facilities.

The costs of *Arbitration* may be apportioned among each *Party to the Dispute* in the manner the *Tribunal* deems appropriate, taking into account the circumstances of the case, the conduct of each *Party to the Dispute* during the proceeding and the result of the *Arbitration*.

(c) Each *Party to the Dispute* is responsible for and shall bear its own attorney's and expert witness fees, its expenses and the expenses of its witnesses.

(d) The *Tribunal* may request that an appropriate amount be deposited as an advance for the costs referred to in Exhibit C.16(b), and, during the course of the proceeding, it may request supplementary deposits. The deposit requested by the *Tribunal* under Exhibit C.16(d) is paid in equal shares by each *Party* or each group of aligned *Parties to the Dispute*. These funds must be held and disbursed in the manner the *Tribunal* deems appropriate.

(e) If the requested deposits are not paid in full within twenty (20) *Days* after receipt of the request, the *Tribunal* shall inform the *Parties to the Dispute* in order that jointly or severally they may make the requested payment. If the payment is not made within twenty (20) *Days* thereafter, the *Tribunal* may suspend or terminate the proceeding.

(f) After the proceeding is concluded, the *Tribunal* shall return any unexpended balance from deposits made under Exhibit C.16(d) as may be appropriate.

C.17 Confidentiality. Each *Party to the Dispute*, the arbitrators and *CPR* shall treat the proceedings, any related discovery, the decision and *Award* of the *Tribunal*, and other matters specified in Article 29 of this *Contract*, as confidential, except:

- (a) in connection with judicial proceedings ancillary to the *Arbitration*, such as a judicial challenge to, or enforcement of, an *Award*;
- (b) a *Tribunal's* decision in a *Dispute* relating to termination under Article 5; or
- (c) as provided under Article 29.

To the extent possible, any specific issues of confidentiality should be raised with and resolved by the *Tribunal*.

C.18 Method of Arbitration.

(a) Method of Arbitration by Party.

(i) Each of the following *Disputes* must be arbitrated using *Baseball Arbitration* if the *Parties* to the *Arbitration* are only *BP* and the *State* or *EM* and the *State*:

(A) A *Dispute* over a numerical amount (such as actual damages or the specific amount of money owed, *Volumes* or *Heating Value*);

(B) A *Dispute* over whether a *Producer* may assign an interest in a *Property* under Article 31; and

(C) A *Dispute* over the addition of an *Additional Person* under Article 31.

(ii) If *CP* is added as a *Party to a Dispute* under Exhibit C.3(h)(i) and the *Dispute* fits within the types of *Disputes* described in Exhibit C.18(a)(i), the

Dispute must be arbitrated using *Baseball Arbitration*. All other *Disputes* must be arbitrated by *Conventional Arbitration* unless the *Parties to the Dispute* agree to arbitration using *Baseball Arbitration*.

(iii) Notwithstanding Exhibit C.18(a)(i) and C.18(a)(ii) any *Dispute* arising under Exhibit 14 and Exhibit P must be arbitrated under *Conventional Arbitration*.

(b) Final Offers. Unless otherwise ordered by the *Tribunal* or agreed by the *Parties to the Dispute*, in a *Dispute* that is arbitrated using *Baseball Arbitration*, the *Parties to the Dispute*, including a *Multi-Participant Dispute* that was initially an individual *Dispute* under Exhibit C.18(a), shall simultaneously exchange their *Final Offers* within seventy-five (75) *Days* after the selection of the *Tribunal*.

C.19 Actions Against CPR or Arbitrator(s). Neither *CPR* nor any arbitrator is liable to a *Party to the Dispute* for any act or omission in connection with any *Arbitration* conducted under Exhibit C.3.

C.20 Waiver. A *Party to the Dispute* knowing of a failure to comply with any provision of these *Dispute Procedures* or any direction of the *Tribunal*, and neglecting to state its objections promptly, waives any objection to the failure or direction.

C.21 Settlement and Mediation.

(a) The *Tribunal* may suggest exploration of settlement, including through mediation, at any time the *Tribunal* deems appropriate.

(b) Mediation requires the agreement of the *Parties to the Dispute*. The mediator must be a person other than a member of the *Tribunal* and the mediation must be conducted under the then existing *CPR* Mediation Procedure.

(c) The *Tribunal* will not be informed of any settlement offers, statements, or other information provided during settlement negotiations or mediation.

C.22 Amendment and Modification. These *Dispute Procedures* may not be amended unless agreed in writing by all *Parties*. These *Dispute Procedures* may be modified for a particular *Dispute*, if agreed in writing by each *Party to the Dispute*. Modification for particular *Disputes* does not modify the *Dispute Procedures* for other *Disputes*.

Exhibit D

List of Properties

Effective September 15, 2005

| UNIT | AGENCY | LESSOR | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | EXPIRATION | ACRES | ROYALTY | NET | SLIDING |
|------|----------|--------|---------------------|------------|-----------|------------|------------|------------|-----------|----|------------|----------|---------|--------|---------|
| | LEASE NO | | NAME | WI | NAME | WI | NAME | WI | NAME | WI | | | | PROFIT | |
| N/A | AA081727 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11379.00 | 12.500 | | |
| N/A | AA081728 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11355.00 | 12.500 | | |
| N/A | AA081729 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11332.00 | 12.500 | | |
| N/A | AA081730 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 8954.00 | 12.500 | | |
| N/A | AA081731 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11427.00 | 12.500 | | |
| N/A | AA081732 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11451.00 | 12.500 | | |
| N/A | AA081733 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 8315.00 | 12.500 | | |
| N/A | AA081734 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11427.00 | 12.500 | | |
| N/A | AA081735 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5486.00 | 16.670 | | |
| N/A | AA081736 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5744.00 | 16.670 | | |
| N/A | AA081737 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5624.00 | 16.670 | | |
| N/A | AA081738 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081739 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081742 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 6950.00 | 16.670 | | |
| N/A | AA081743 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081744 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5624.00 | 16.670 | | |
| N/A | AA081745 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081746 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5648.00 | 16.670 | | |
| N/A | AA081747 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5624.00 | 16.670 | | |
| N/A | AA081748 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5624.00 | 16.670 | | |
| N/A | AA081749 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081750 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 7675.00 | 16.670 | | |
| N/A | AA081751 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 7462.00 | 16.670 | | |
| N/A | AA081752 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081753 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081754 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5600.00 | 16.670 | | |
| N/A | AA081755 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5600.00 | 16.670 | | |
| N/A | AA081756 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5600.00 | 16.670 | | |
| N/A | AA081757 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 7/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081758 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5576.00 | 16.670 | | |
| N/A | AA081759 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5744.00 | 16.670 | | |
| N/A | AA081760 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081761 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5719.00 | 16.670 | | |
| N/A | AA081762 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081763 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5744.00 | 16.670 | | |
| N/A | AA081764 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081765 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5719.00 | 16.670 | | |
| N/A | AA081766 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5576.00 | 16.670 | | |
| N/A | AA081767 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 4285.00 | 16.670 | | |
| N/A | AA081768 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5070.00 | 16.670 | | |
| N/A | AA081769 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 8053.00 | 16.670 | | |
| N/A | AA081770 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081771 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5579.00 | 16.670 | | |
| N/A | AA081772 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081773 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5579.00 | 16.670 | | |
| N/A | AA081774 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 6402.00 | 16.670 | | |
| N/A | AA081775 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 6411.00 | 16.670 | | |
| N/A | AA081776 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081777 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 4988.00 | 16.670 | | |
| N/A | AA081778 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5757.00 | 16.670 | | |
| N/A | AA081779 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5721.00 | 16.670 | | |

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May 10, 2006

| | AGENCY | | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | | | | NET | |
|------|----------|--------|---------------------|------------|-----------|------------|------------|------------|-----------|----|------------|---------|---------|--------|---------|
| UNIT | LEASE NO | LESSOR | NAME | WI | NAME | WI | NAME | WI | NAME | WI | EXPIRATION | ACRES | ROYALTY | PROFIT | SLIDING |
| N/A | AA081780 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081781 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5720.00 | 16.670 | | |
| N/A | AA081782 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081783 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5744.00 | 16.670 | | |
| N/A | AA081784 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081785 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5720.00 | 16.670 | | |
| N/A | AA081786 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081787 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5744.00 | 16.670 | | |
| N/A | AA081788 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081789 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5720.00 | 16.670 | | |
| N/A | AA081790 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081791 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5744.00 | 16.670 | | |
| N/A | AA081792 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081793 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5720.00 | 16.670 | | |
| N/A | AA081794 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5613.00 | 16.670 | | |
| N/A | AA081795 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5757.00 | 16.670 | | |
| N/A | AA081796 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5696.00 | 16.670 | | |
| N/A | AA081797 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081798 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5672.00 | 16.670 | | |
| N/A | AA081799 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081800 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5696.00 | 16.670 | | |
| N/A | AA081801 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081802 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5672.00 | 16.670 | | |
| N/A | AA081803 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5696.00 | 16.670 | | |
| N/A | AA081804 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5696.00 | 16.670 | | |
| N/A | AA081805 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081806 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5672.00 | 16.670 | | |
| N/A | AA081807 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081808 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081809 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5696.00 | 16.670 | | |
| N/A | AA081810 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5672.00 | 16.670 | | |
| N/A | AA081811 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081812 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5696.00 | 16.670 | | |
| N/A | AA081813 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081814 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5676.00 | 16.670 | | |
| N/A | AA081815 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081816 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081817 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 8207.00 | 16.670 | | |
| N/A | AA081818 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5648.00 | 16.670 | | |
| N/A | AA081819 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081820 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5648.00 | 16.670 | | |
| N/A | AA081821 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081822 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5624.00 | 16.670 | | |
| N/A | AA081823 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081824 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081825 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081826 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5648.00 | 16.670 | | |
| N/A | AA081827 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081828 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081829 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5624.00 | 16.670 | | |
| N/A | AA081830 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5624.00 | 16.670 | | |
| N/A | AA081831 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081832 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5600.00 | 16.670 | | |
| N/A | AA081833 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081834 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081835 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081836 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5600.00 | 16.670 | | |
| N/A | AA081837 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081838 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5576.00 | 16.670 | | |

| UNIT | AGENCY | | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | EXPIRATION | ACRES | ROYALTY | NET | |
|------|----------|--------|---------------------|------------|-----------|------------|------------|------------|-----------|----|------------|----------|---------|--------|---------|
| | LEASE NO | LESSOR | NAME | WI | NAME | WI | NAME | WI | NAME | WI | | | | PROFIT | SLIDING |
| N/A | AA081839 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081840 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5600.00 | 16.670 | | |
| N/A | AA081841 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5576.00 | 16.670 | | |
| N/A | AA081842 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5744.00 | 16.670 | | |
| N/A | AA081843 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5719.00 | 16.670 | | |
| N/A | AA081844 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081845 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081846 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 10232.00 | 16.670 | | |
| N/A | AA081847 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11335.00 | 12.500 | | |
| N/A | AA081848 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11402.00 | 12.500 | | |
| N/A | AA081849 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11377.00 | 12.500 | | |
| N/A | AA081850 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11402.00 | 12.500 | | |
| N/A | AA081851 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 8314.00 | 12.500 | | |
| N/A | AA081852 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11353.00 | 12.500 | | |
| N/A | AA081853 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 10313.00 | 12.500 | | |
| N/A | AA081854 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5117.00 | 12.500 | | |
| N/A | AA081855 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 11332.00 | 12.500 | | |
| N/A | AA081856 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 8/31/2009 | 5756.00 | 16.670 | | |
| N/A | AA081857 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5648.00 | 16.670 | | |
| N/A | AA081858 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2009 | 5721.00 | 16.670 | | |
| N/A | AA084123 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 5696.00 | 16.670 | | |
| N/A | AA084124 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 5672.00 | 16.670 | | |
| N/A | AA084125 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 5648.00 | 16.670 | | |
| N/A | AA084126 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 5756.00 | 16.670 | | |
| N/A | AA084127 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 5648.00 | 16.670 | | |
| N/A | AA084128 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 5756.00 | 16.670 | | |
| N/A | AA084129 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 5756.00 | 16.670 | | |
| N/A | AA084130 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 5648.00 | 16.670 | | |
| N/A | AA084131 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 9/30/2012 | 5576.00 | 16.670 | | |
| N/A | AA084132 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 4238.00 | 16.670 | | |
| N/A | AA084133 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 4591.00 | 16.670 | | |
| N/A | AA084134 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 5578.00 | 16.670 | | |
| N/A | AA084135 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 5756.00 | 16.670 | | |
| N/A | AA084136 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 5756.00 | 16.670 | | |
| N/A | AA084137 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 5760.00 | 16.670 | | |
| N/A | AA084138 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 8142.00 | 16.670 | | |
| N/A | AA084139 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 5756.00 | 16.670 | | |
| N/A | AA084140 | BLM | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 9/30/2012 | 240.00 | 16.670 | | |
| N/A | AA084142 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11453.00 | 12.500 | | |
| N/A | AA084143 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11453.00 | 12.500 | | |
| N/A | AA084144 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11428.00 | 12.500 | | |
| N/A | AA084145 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11453.00 | 12.500 | | |
| N/A | AA084147 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11453.00 | 12.500 | | |
| N/A | AA084149 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11429.00 | 12.500 | | |
| N/A | AA084150 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11429.00 | 12.500 | | |
| N/A | AA084157 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11358.00 | 12.500 | | |
| N/A | AA084158 | BLM | CPAI | 60.0000000 | APC | 40.0000000 | | | | | 9/30/2012 | 11335.00 | 12.500 | | |
| N/A | AA084160 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 11476.00 | 12.500 | | |
| N/A | AA084168 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 11451.00 | 12.500 | | |
| N/A | AA084169 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 11427.00 | 12.500 | | |
| N/A | AA084175 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 11403.00 | 12.500 | | |
| N/A | AA084180 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 11499.00 | 12.500 | | |
| N/A | AA084181 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 11474.00 | 12.500 | | |
| N/A | AA084182 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 9/30/2012 | 12546.00 | 12.500 | | |
| N/A | AA085457 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11368.00 | 12.500 | | |
| N/A | AA085458 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11347.00 | 12.500 | | |
| N/A | AA085459 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11368.00 | 12.500 | | |
| N/A | AA085460 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11348.00 | 12.500 | | |
| N/A | AA085461 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11368.00 | 12.500 | | |

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| UNIT | AGENCY | LESSOR | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | EXPIRATION | ACRES | ROYALTY | NET | |
|----------------|-----------|--------|---------------------|-------------|-----------|------------|------------|------------|-------------|-----------|------------|----------|---------|--------|---------|
| | LEASE NO | | NAME | WI | NAME | WI | NAME | WI | NAME | WI | | | | PROFIT | SLIDING |
| N/A | AA085566 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11408.00 | 12.500 | | |
| N/A | AA085567 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11383.00 | 12.500 | | |
| N/A | AA085568 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11358.00 | 12.500 | | |
| N/A | AA085569 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11333.00 | 12.500 | | |
| N/A | AA085570 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11358.00 | 12.500 | | |
| N/A | AA085571 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 11333.00 | 12.500 | | |
| N/A | AA085575 | BLM | CPAI | 50.0000000 | APC | 30.0000000 | PIONEER NR | 20.0000000 | | | 09/30/2014 | 6881.00 | 12.500 | | |
| MILNE POINT | ADL025509 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/28/2001 | 2533.00 | 12.500 | | |
| KUPARUK RIVER | ADL025512 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/29/2001 | 2544.00 | 12.500 | | |
| KUPARUK RIVER | ADL025513 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/29/2001 | 2560.00 | 12.500 | | |
| MILNE POINT | ADL025514 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/29/2001 | 2560.00 | 12.500 | | |
| MILNE POINT | ADL025515 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/29/2001 | 2544.00 | 12.500 | | |
| MILNE POINT | ADL025516 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/29/2001 | 1280.00 | 12.500 | | |
| MILNE POINT | ADL025517 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/29/2001 | 2555.00 | 12.500 | | |
| MILNE POINT | ADL025518 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/29/2001 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025519 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/29/2001 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025520 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/29/2001 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025521 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/29/2001 | 2555.00 | 12.500 | | |
| KUPARUK RIVER | ADL025522 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025523 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025524 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 1920.00 | 12.500 | | |
| COLVILLE RIVER | ADL025526 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 11/11/2000 | 2295.36 | 12.500 | | |
| KUPARUK RIVER | ADL025528 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 11/11/2002 | 2560.00 | 12.500 | | |
| COLVILLE RIVER | ADL025529 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 11/11/2000 | 986.00 | 12.500 | | |
| COLVILLE RIVER | ADL025530 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 11/11/2000 | 2588.97 | 12.500 | | |
| KUPARUK RIVER | ADL025531 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025532 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| COLVILLE RIVER | ADL025538 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/1975 | 2448.00 | 12.500 | | |
| KUPARUK RIVER | ADL025544 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 11/11/2002 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025546 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025547 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025548 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025549 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025551 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 11/11/2002 | 2560.00 | 12.500 | | |
| COLVILLE RIVER | ADL025557 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/1975 | 2560.00 | 12.500 | | |
| COLVILLE RIVER | ADL025558 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/1975 | 2459.00 | 5.000 | | |
| COLVILLE RIVER | ADL025559 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/1975 | 2469.00 | 12.500 | | |
| COLVILLE RIVER | ADL025560 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 11/11/2002 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025568 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025569 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025570 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025571 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025585 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2491.00 | 12.500 | | |
| KUPARUK RIVER | ADL025586 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025587 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025588 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025589 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025590 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2501.00 | 12.500 | | |
| KUPARUK RIVER | ADL025603 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2512.00 | 12.500 | | |
| KUPARUK RIVER | ADL025604 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025605 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025607 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025608 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2523.00 | 12.500 | | |
| KUPARUK RIVER | ADL025627 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025628 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2437.00 | 12.500 | | |
| KUPARUK RIVER | ADL025629 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025630 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL025631 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2437.00 | 12.500 | | |
| KUPARUK RIVER | ADL025632 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 2448.00 | 12.500 | | |

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| | AGENCY | | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | | | | | | | NET | |
|---------------|-----------|--------|---------------------|-------------|------------|------------|---------------|------------|----------------|------------|------------|-----------|---------|--------|---------|--|-----|--|
| UNIT | LEASE NO | LESSOR | NAME | WI | NAME | WI | NAME | WI | NAME | WI | EXPIRATION | ACRES | ROYALTY | PROFIT | SLIDING | | | |
| KUPARUK RIVER | ADL028242 | ALASKA | CPAI | 26.1699170 | BPXA | 18.5146830 | UNOCAL | 4.9506000 | EXXON MOBIL | 50.3648000 | 3/27/1984 | 2469.00 | 12.500 | | | | | |
| KUPARUK RIVER | ADL028243 | ALASKA | BPXA | 37.0247200 | EM AK | 5.8000000 | CPAI | 52.2246800 | UNION | 4.9506000 | 03/27/1984 | (2480) | 12.500 | | | | | |
| KUPARUK RIVER | ADL028243 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EM AK (2) | 0.3648000 | 3/27/1984 | 2480.00 | 12.500 | | | | | |
| KUPARUK RIVER | ADL028244 | ALASKA | BPXA | 18.5146830 | CPAI | 26.1699170 | EM AK | 50.3648000 | UNION | 4.9506000 | 03/27/1984 | 1920.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028244 | ALASKA | BPXA | 26.3553560 | EM AK | 35.3956510 | CPAI | 36.0693950 | UNOCAL, et al | 2.1795680 | 03/27/1984 | 640.00 | 12.500 | | | | | |
| N/A | ADL028245 | ALASKA | EM AK | 50.0000000 | CPAI | 50.0000000 | | | | | 03/27/1984 | 640.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028245 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 1920.00 | 12.500 | | | | | |
| N/A | ADL028246 | ALASKA | EM AK | 50.0000000 | CPAI | 50.0000000 | | | | | 03/27/1984 | 1920.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028246 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 640.00 | 12.500 | | | | | |
| KUPARUK RIVER | ADL028248 | ALASKA | BPXA | 37.0247200 | EM AK | 5.8000000 | CPAI | 52.2246800 | UNION | 4.9506000 | 03/27/1984 | (1851.00) | 12.500 | | | | | |
| KUPARUK RIVER | ADL028248 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/27/1984 | 1851.00 | 12.500 | | | | | |
| N/A | ADL028249 | ALASKA | CPAI | 50.0000000 | PIONEER NR | 50.0000000 | | | | | 10/1/1993 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028255 | ALASKA | CPAI | 36.0693850 | BPXA | 26.3553560 | CHEVRON et al | 1.1797680 | EXXON MOBIL | 36.3954910 | 9/30/2002 | 960.00 | 12.500 | | | | | |
| N/A | ADL028256 | ALASKA | BPXA | 50.0000000 | CPAI | 25.0000000 | XOM | 25.0000000 | | | 09/30/2002 | 560.00 | 12.500 | | | | | |
| N/A | ADL028256 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 80.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028256 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 1920.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028257 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028258 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028259 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 2459.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028260 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028261 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028262 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2480.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028263 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028264 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028265 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028275 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 1280.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028276 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 640.00 | 12.500 | | | | | |
| N/A | ADL028277 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/27/1984 | 320.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028277 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2240.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028278 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028279 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2459.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028280 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028281 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028282 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2469.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028283 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2480.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028284 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028285 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028286 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028287 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028288 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2491.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028289 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2501.00 | 12.500 | | | | | |
| N/A | ADL028290 | ALASKA | CPCO | 50.0000000 | EM AK | 50.0000000 | | | | | 03/27/1984 | 1280.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028290 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 1280.00 | 12.500 | | | | | |
| N/A | ADL028297 | ALASKA | CPAI | 50.0000000 | EM AK | 50.0000000 | | | | | 09/30/2002 | 560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028297 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 2000.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028298 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 312.00 | 12.500 | | | | | |
| N/A | ADL028299 | ALASKA | CPAI | 50.0000000 | EM AK | 50.0000000 | | | | | 09/30/2002 | 146.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028299 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 2313.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028300 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028301 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/2002 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028302 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028303 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028304 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2469.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028305 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2480.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028306 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028307 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028308 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028309 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | | | | |
| PRUDHOE BAY | ADL028310 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2491.00 | 12.500 | | | | | |

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| | AGENCY | | NOTIFICATION LESSEE | | OTHER W/O | | OTHER W/O | | OTHER W/O | | | | | NET | |
|--------------|-----------|--------|---------------------|-------------|-----------|------------|-----------|------------|----------------|-----------|------------|---------|---------|--------|---------|
| UNIT | LEASE NO | LESSOR | NAME | /WI | NAME | /WI | NAME | /WI | NAME | /WI | EXPIRATION | ACRES | ROYALTY | PROFIT | SLIDING |
| PRUDHOE BAY | ADL028311 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028312 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028313 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2501.00 | 12.500 | | |
| PRUDHOE BAY | ADL028314 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028315 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028316 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 1920.00 | 12.500 | | |
| N/A | ADL028316 | ALASKA | BPXA | 27.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 3/27/1984 | 640.00 | 12.500 | | |
| PRUDHOE BAY | ADL028320 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028321 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2480.00 | 12.500 | | |
| PRUDHOE BAY | ADL028322 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028323 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028324 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028325 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028326 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2491.00 | 12.500 | | |
| PRUDHOE BAY | ADL028327 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028328 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028329 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2501.00 | 12.500 | | |
| PRUDHOE BAY | ADL028330 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2512.00 | 12.500 | | |
| PRUDHOE BAY | ADL028331 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028332 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028333 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028334 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028335 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2523.00 | 12.500 | | |
| PRUDHOE BAY | ADL028337 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL028338 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2469.00 | 12.500 | | |
| PRUDHOE BAY | ADL028339 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2480.00 | 12.500 | | |
| N/A | ADL028340 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/27/1984 | 640.00 | 12.500 | | |
| PRUDHOE BAY | ADL028340 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 1920.00 | 12.500 | | |
| PRUDHOE BAY | ADL028342 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 1280.00 | 12.500 | | |
| PRUDHOE BAY | ADL028343 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2491.00 | 12.500 | | |
| N/A | ADL028344 | ALASKA | CPAI | 50.0000000 | EM AK | 50.0000000 | | | | | 03/27/1984 | 1920.00 | 12.500 | | |
| PRUDHOE BAY | ADL028344 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 640.00 | 12.500 | | |
| PRUDHOE BAY | ADL028345 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2501.00 | 12.500 | | |
| PRUDHOE BAY | ADL028346 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2512.00 | 12.500 | | |
| N/A | ADL028349 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/27/1984 | 640.00 | 12.500 | | |
| PRUDHOE BAY | ADL028349 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 1883.00 | 12.500 | | |
| PT THOMSON * | ADL028380 | ALASKA | EM OIL | 50.0000000 | BPXA | 50.0000000 | | | | | 03/27/1984 | 640.00 | 12.500 | | |
| PT THOMSON * | ADL028380 | ALASKA | EM OIL | 54.0464100 | BPXA | 29.9997220 | EMAP | 12.6742800 | CHEVRON. et al | 3.2795880 | 03/27/1984 | 633.00 | 12.500 | | |
| PT THOMSON * | ADL028380 | ALASKA | EM OIL | 33.3333334 | BPXA | 51.9999998 | CHEVRON | 14.6666667 | | | 03/27/1984 | 1271.00 | 12.500 | | |
| PT THOMSON * | ADL028381 | ALASKA | EM OIL | 50.0000000 | BPXA | 28.0000000 | CHEVRON | 22.0000000 | | | 03/27/1984 | 2560.00 | 12.500 | | |
| PT THOMSON * | ADL028382 | ALASKA | EM OIL | 50.0000000 | BPXA | 28.0000000 | CHEVRON | 22.0000000 | | | 03/27/1984 | 2560.00 | 12.500 | | |
| PT THOMSON * | ADL028383 | ALASKA | EM OIL | 50.0000000 | BPXA | 28.0000000 | CHEVRON | 22.0000000 | | | 03/27/1984 | 2560.00 | 12.500 | | |
| PT THOMSON * | ADL028384 | ALASKA | EM OIL | 54.0464100 | BPXA | 29.9997220 | EM | 12.6742800 | CHEVRON. et al | 3.2795880 | 03/27/1984 | 1760.00 | 12.500 | | |
| PT THOMSON * | ADL028385 | ALASKA | EM OIL | 54.0464100 | BPXA | 29.9997220 | EM | 12.6742800 | CHEVRON. et al | 3.2795880 | 03/27/1984 | 637.00 | 12.500 | | |
| PRUDHOE BAY | ADL034622 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 12/08/2002 | 2560.00 | 12.500 | | |
| N/A | ADL034624 | ALASKA | EM AK | 50.0000000 | CPAI | 50.0000000 | | | | | 12/08/2002 | 440.00 | 12.500 | | |
| PRUDHOE BAY | ADL034624 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 12/08/2002 | 2120.00 | 12.500 | | |
| PRUDHOE BAY | ADL034625 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/31/1977 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL034626 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/31/1977 | 2560.00 | 12.500 | | |
| N/A | ADL034627 | ALASKA | EM AK | 50.0000000 | CPAI | 50.0000000 | | | | | 03/31/1977 | 960.00 | 12.500 | | |
| PRUDHOE BAY | ADL034627 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/31/1977 | 1488.00 | 12.500 | | |
| PRUDHOE BAY | ADL034628 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/04/1996 | 2459.00 | 12.500 | | |
| PRUDHOE BAY | ADL034629 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/04/1996 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL034630 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/04/1996 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL034631 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/27/1984 | 2560.00 | 12.500 | | |
| PRUDHOE BAY | ADL034632 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/31/1977 | 2469.00 | 12.500 | | |
| DUCK ISLAND | ADL034633 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/31/1977 | 2560.00 | 12.500 | | |
| DUCK ISLAND | ADL034634 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/31/1977 | 1040.00 | 12.500 | | |
| PRUDHOE BAY | ADL034634 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 03/31/1977 | 1520.00 | 12.500 | | |

| UNIT | AGENCY | LESSOR | NOTIFICATION LESSEE | OTHER WIO | OTHER WIO | OTHER WIO | EXPIRATION | ACRES | ROYALTY | NET | SLIDING |
|---------------|-----------|--------|---------------------|--------------------|----------------------------|---------------------------|------------|------------|---------|--------|---------|
| LEASE NO | | NAME | WI | NAME | WI | NAME | WI | | | PROFIT | |
| PRUDHOE BAY | ADL034635 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 03/27/1984 | 2459.00 | 12.500 | |
| DUCK ISLAND | ADL034636 | ALASKA | BPXA | 100.0000000 | | | | 03/27/1984 | 2560.00 | 12.500 | |
| MILNE POINT | ADL047433 | ALASKA | BPXA | 100.0000000 | | | | 10/30/1979 | 2560.00 | 20.000 | |
| MILNE POINT | ADL047434 | ALASKA | BPXA | 100.0000000 | | | | 10/30/1979 | 2560.00 | 20.000 | |
| MILNE POINT | ADL047437 | ALASKA | BPXA | 100.0000000 | | | | 10/30/1979 | 2560.00 | 20.000 | |
| MILNE POINT | ADL047438 | ALASKA | BPXA | 100.0000000 | | | | 10/30/1979 | 2544.00 | 20.000 | |
| PRUDHOE BAY | ADL047446 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2448.00 | 12.500 | |
| PRUDHOE BAY | ADL047447 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2560.00 | 12.500 | |
| N/A | ADL047448 | ALASKA | BPXA | EM AK | 66.6666667 CPAI | 33.3333333 | | 09/30/1979 | 1280.00 | 12.500 | |
| PRUDHOE BAY | ADL047448 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 1280.00 | 12.500 | |
| KUPARUK RIVER | ADL047449 | ALASKA | BPXA | 39.2822330 CPAI | 55.4023670 UNOCAL, et al | 5.0592000 EM AK | 0.3648000 | 09/30/1979 | 591.00 | 12.500 | |
| KUPARUK RIVER | ADL047449 | ALASKA | BPXA | 37.0247200 EM AK | 5.8000000 CPAI | 52.2246800 UNION | 4.9506000 | 03/27/1984 | 591 | 12.500 | |
| PRUDHOE BAY | ADL047449 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 1868.00 | 12.500 | |
| PRUDHOE BAY | ADL047450 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2469.00 | 12.500 | |
| PRUDHOE BAY | ADL047451 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2560.00 | 12.500 | |
| PRUDHOE BAY | ADL047452 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2560.00 | 12.500 | |
| PRUDHOE BAY | ADL047453 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2491.00 | 12.500 | |
| N/A | ADL047454 | ALASKA | BPXA | EM AK | 33.3333333 CPAI | 33.3333333 CHEVRON | 33.3333334 | 09/30/1979 | 640.00 | 12.500 | |
| PRUDHOE BAY | ADL047454 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 1920.00 | 12.500 | |
| N/A | ADL047466 | ALASKA | CPAI | 50.0000000 EM AK | 50.0000000 | | | 09/30/1979 | 2560.00 | 12.500 | |
| N/A | ADL047468 | ALASKA | EM AK | 50.0000000 CHEVRON | 50.0000000 | | | 09/30/1979 | 2437.00 | 12.500 | |
| N/A | ADL047469 | ALASKA | EM AK | 50.0000000 CPCO | 25.0000000 CHEVRON | 25.0000000 | | 09/30/1979 | 320.00 | 12.500 | |
| N/A | ADL047469 | ALASKA | EM AK | 50.0000000 CPCO | 50.0000000 | | | 09/30/1979 | 903.00 | 12.500 | |
| PRUDHOE BAY | ADL047469 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 1225.00 | 12.500 | |
| PRUDHOE BAY | ADL047471 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2560.00 | 12.500 | |
| PRUDHOE BAY | ADL047472 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2560.00 | 12.500 | |
| PRUDHOE BAY | ADL047475 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 2512.00 | 12.500 | |
| N/A | ADL047476 | ALASKA | BPXA | EM AK | 50.0000000 CPAI | 50.0000000 | | 09/30/1979 | 640.00 | 12.500 | |
| PRUDHOE BAY | ADL047476 | ALASKA | BPXA | 26.3553560 EM AK | 36.3954910 CPAI | 36.0693850 CHEVRON. et al | 1.1797680 | 09/30/1979 | 1920.00 | 12.500 | |
| DUCK ISLAND | ADL047502 | ALASKA | UNOCAL | 25.0000000 EM AK | 50.0000000 BPXA | 25.0000000 | | 09/30/1979 | 2469.00 | 12.500 | |
| DUCK ISLAND | ADL047503 | ALASKA | EM AK (1) | 50.0000000 UNOCAL | 25.0000000 BPXA | 25.0000000 | | 09/30/1979 | 2560.00 | 12.500 | |
| DUCK ISLAND | ADL047504 | ALASKA | EM AK (1) | 100.0000000 | | | | 09/30/1979 | 2560.00 | 12.500 | |
| DUCK ISLAND | ADL047505 | ALASKA | EM AK (1) | 100.0000000 | | | | 09/30/1979 | 2560.00 | 12.500 | |
| DUCK ISLAND | ADL047506 | ALASKA | UNOCAL | 50.0000000 BPXA | 50.0000000 | | | 09/30/1979 | 2480.00 | 12.500 | |
| N/A | ADL047527 | ALASKA | EM | 50.0000000 CPAI | 50.0000000 | | | 09/30/1979 | 640.00 | 12.500 | |
| N/A | ADL047527 | ALASKA | EM | 50.0000000 CPAI | 30.0000000 SWEPI | 17.0000000 MURPHY | 3.0000000 | 09/30/1979 | 1883.00 | 12.500 | |
| PT THOMSON * | ADL047556 | ALASKA | EM | 100.0000000 | | | | 09/30/1979 | 2560.00 | 12.500 | |
| PT THOMSON * | ADL047557 | ALASKA | EM OIL | 50.0000000 BPXA | 50.0000000 | | | 09/30/1979 | 2523.00 | 12.500 | |
| PT THOMSON * | ADL047558 | ALASKA | EM OIL | 50.0000000 BPXA | 50.0000000 | | | 09/30/1979 | 1280.00 | 12.500 | |
| PT THOMSON * | ADL047558 | ALASKA | EM OIL | 50.0000000 BPXA | 25.0000000 EMC | 25.0000000 | | 09/30/1979 | 1280.00 | 12.500 | |
| PT THOMSON * | ADL047559 | ALASKA | EM | 100.0000000 | | | | 09/30/1979 | 2560.00 | 12.500 | |
| PT THOMSON * | ADL047560 | ALASKA | EM | 50.0000000 CPAI | 20.1951200 LEEDE ED. et al | 29.8048800 | | 03/31/1980 | 640.00 | 12.500 | |
| PT THOMSON * | ADL047561 | ALASKA | EM | 75.0000000 BPXA | 14.0000000 CHEVRON | 11.0000000 | | 09/30/1979 | 2560.00 | 12.500 | |
| PT THOMSON * | ADL047562 | ALASKA | DEVON | 10.0000000 EM | 71.5315773 EM OIL | 9.5000000 FOREST, et al | 8.9684227 | 09/30/1979 | 2560.00 | 12.500 | |
| PT THOMSON * | ADL047563 | ALASKA | EM OIL | 25.0000000 EM | 50.0000000 BPXA | 25.0000000 | | 09/30/1979 | 2523.00 | 12.500 | |
| PT THOMSON * | ADL047564 | ALASKA | EM OIL | 25.0000000 EM | 50.0000000 BPXA | 25.0000000 | | 09/30/1979 | 2560.00 | 12.500 | |
| PT THOMSON * | ADL047566 | ALASKA | EM OIL | 25.0000000 EM | 50.0000000 BPXA | 25.0000000 | | 09/30/1979 | 2533.00 | 12.500 | |
| PT THOMSON * | ADL047567 | ALASKA | DEVON | 10.0000000 EM | 71.5315773 EM OIL | 9.5000000 FOREST, et al | 8.9684227 | 09/30/1979 | 2560.00 | 12.500 | |
| PT THOMSON * | ADL047568 | ALASKA | CHEVRON | 44.0000000 BPXA | 56.0000000 | | | 09/30/1979 | 1280.00 | 12.500 | |
| PT THOMSON * | ADL047568 | ALASKA | CHEVRON | 22.0000000 BPXA | 28.0000000 EM | 50.0000000 | | 09/30/1979 | 1280.00 | 12.500 | |
| PT THOMSON * | ADL047569 | ALASKA | CHEVRON | 22.0000000 EM | 50.0000000 BPXA | 28.0000000 | | 09/30/1979 | 1905.00 | 12.500 | |
| PT THOMSON * | ADL047569 | ALASKA | CHEVRON | 7.3333335 EM | 50.0000000 BPXA | 25.9999995 EM OIL | 16.6666667 | 09/30/1979 | 628.00 | 12.500 | |
| PT THOMSON * | ADL047570 | ALASKA | CHEVRON | 22.0000000 EM | 50.0000000 BPXA | 28.0000000 | | 09/30/1979 | 2560.00 | 12.500 | |
| PT THOMSON * | ADL047571 | ALASKA | CHEVRON | 44.0000000 BPXA | 56.0000000 | | | 09/30/1979 | 2560.00 | 12.500 | |
| PT THOMSON * | ADL047572 | ALASKA | CHEVRON | 17.6000000 BPXA | 52.4000000 EM OIL | 30.0000000 | | 09/30/1979 | 1280.00 | 12.500 | |
| PT THOMSON * | ADL047572 | ALASKA | CHEVRON | 44.0000000 BPXA | 56.0000000 | | | 09/30/1979 | 1253.00 | 12.500 | |
| PT THOMSON * | ADL047573 | ALASKA | EM OIL | 50.0000000 BPXA | 50.0000000 | | | 09/30/1979 | 2544.00 | 12.500 | |
| PT THOMSON * | ADL050983 | ALASKA | EM | 66.6700000 BPXA | 33.3300000 | | | 03/31/1980 | 640.00 | 12.500 | |
| PT THOMSON * | ADL051667 | ALASKA | EM OIL | 16.6670000 BPXA | 25.9997400 EM | 50.0000000 CHEVRON | 7.3332600 | 03/31/1980 | 1243.00 | 12.500 | |

| | AGENCY | | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | | | | NET | |
|----------------|-----------|--------|---------------------|-------------|-----------|------------|-------------|------------|-------------|----------------|------------|------------|---------|--------|---------|
| UNIT | LEASE NO | LESSOR | NAME | WI | NAME | WI | NAME | WI | NAME | WI | EXPIRATION | ACRES | ROYALTY | PROFIT | SLIDING |
| N/A | ADL065406 | ALASKA | CPAI | 100.0000000 | | 0.0000000 | | | | | 08/10/2000 | 2472.59 | 12.500 | | |
| PRUDHOE BAY | ADL080595 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | | 36.0693850 | CHEVRON. et al | 1.1797680 | 09/30/1979 | 1280.00 | 12.500 | |
| NORTHSTAR | ADL312798 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/31/1990 | 4392.82 | 20.000 | 0 | 28.000 |
| NORTHSTAR | ADL312799 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/31/1990 | 4472.37 | 20.000 | 0 | 28.000 |
| NORTHSTAR | ADL312808 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/31/1990 | 3432.92 | 20.000 | 0 | 28.000 |
| NORTHSTAR | ADL312809 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/31/1990 | 5301.38 | 20.000 | 0 | 28.000 |
| DUCK ISLAND | ADL312828 | ALASKA | BPXA | 98.0000000 | NANA | 1.5000000 | DOYON | 0.5000000 | | | 01/31/1990 | 4299.74 | 20.000 | 80.000 | 0 |
| DUCK ISLAND | ADL312834 | ALASKA | EM AK (1) | 33.3333400 | CPAI | 33.3333300 | UNOCAL | 33.3333300 | | | 01/31/1990 | 3580.64 | 20.000 | 49.000 | 0 |
| PT THOMSON * | ADL312862 | ALASKA | EM | 100.0000000 | | | | | | | 01/31/1990 | 5648.68 | 20.000 | 0 | 65.000 |
| PT THOMSON * | ADL312866 | ALASKA | EM | 100.0000000 | | | | | | | 01/31/1990 | 4935.47 | 20.000 | 52.000 | 0 |
| MILNE POINT | ADL315848 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/29/2001 | 1280.00 | 12.500 | | |
| PT THOMSON * | ADL343109 | ALASKA | EM | 50.0000000 | BPXA | 28.0000000 | CHEVRON | 22.0000000 | | | 07/31/1992 | 1970.16 | 12.500 | 40.000 | 0 |
| PT THOMSON * | ADL343110 | ALASKA | BPXA | 50.0000000 | EM OIL | 50.0000000 | | | | | 07/31/1992 | 1920.00 | 12.500 | 40.000 | 0 |
| PT THOMSON * | ADL343111 | ALASKA | BPXA | 56.0000000 | CHEVRON | 44.0000000 | | | | | 07/31/1992 | 2400.00 | 12.500 | 40.000 | 0 |
| PT THOMSON * | ADL343112 | ALASKA | CHEVRON | 44.0000000 | BPXA | 56.0000000 | | | | | 07/31/1992 | 3446.00 | 12.500 | 40.000 | 0 |
| MILNE POINT | ADL355016 | ALASKA | BPXA | 100.0000000 | | | | | | | 07/31/1993 | 5071.00 | 12.500 | 40.000 | 0 |
| MILNE POINT | ADL355017 | ALASKA | BPXA | 100.0000000 | | | | | | | 07/31/1993 | 4480.00 | 12.500 | 40.000 | 0 |
| MILNE POINT | ADL355018 | ALASKA | BPXA | 100.0000000 | | | | | | | 07/31/1993 | 5083.00 | 12.500 | 30.000 | 0 |
| MILNE POINT | ADL355021 | ALASKA | BPXA | 100.0000000 | | | | | | | 07/31/1993 | 5120.00 | 12.500 | 30.000 | 0 |
| KUPARUK RIVER | ADL355023 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 5/31/1993 | 3255.00 | 12.500 | 30.000 | 0 |
| KUPARUK RIVER | ADL355024 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 5/31/1993 | 1800.00 | 12.500 | 30.000 | 0 |
| KUPARUK RIVER | ADL355024 | ALASKA | CPAI | 0.1086000 | KERR MC | 54.7396300 | ARMSTRONG A | 44.7869700 | EXXON MOBIL | 0.3648000 | 5/31/1993 | 3780.00 | 12.500 | 30.000 | 0 |
| KUPARUK RIVER | ADL355030 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 6/30/1993 | 4480.00 | 12.500 | 30.000 | 0 |
| KUPARUK RIVER | ADL355032 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 6/30/1993 | 5108.00 | 12.500 | 30.000 | 0 |
| COLVILLE RIVER | ADL364470 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 7/31/1994 | 3180.00 | 12.500 | 30.000 | 0 |
| COLVILLE RIVER | ADL364471 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 7/31/1994 | 5759.00 | 12.500 | 30.000 | 0 |
| COLVILLE RIVER | ADL364472 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 7/31/1994 | 4480.00 | 12.500 | 30.000 | 0 |
| N/A | ADL364477 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 7/31/1994 | 3840.00 | 12.500 | 30.000 | 0 |
| N/A | ADL364478 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 7/31/1994 | 3840.00 | 12.500 | 30.000 | 0 |
| KUPARUK RIVER | ADL365501 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 11/30/1995 | 640.00 | 16.670 | | |
| BADAMI | ADL365533 | ALASKA | BPXA | 100.0000000 | | | | | | | 11/30/1995 | 5120.00 | 16.667 | | |
| BADAMI | ADL365535 | ALASKA | BPXA | 100.0000000 | | | | | | | 11/30/1995 | 3840.00 | 16.667 | | |
| PRUDHOE BAY | ADL365548 | ALASKA | BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | | 36.0693850 | CHEVRON. et al | 1.1797680 | 11/30/1995 | 3601.10 | 16.667 | |
| BADAMI | ADL367004 | ALASKA | BPXA | 100.0000000 | | | | | | | 04/30/1996 | 3840.00 | 12.500 | | |
| BADAMI | ADL367005 | ALASKA | BPXA | 100.0000000 | | | | | | | 04/30/1996 | 3840.00 | 12.500 | | |
| BADAMI | ADL367006 | ALASKA | BPXA | 100.0000000 | | | | | | | 04/30/1996 | 5035.00 | 12.500 | | |
| BADAMI | ADL367010 | ALASKA | BPXA | 100.0000000 | | | | | | | 04/30/1996 | 3840.00 | 12.500 | | |
| BADAMI | ADL367011 | ALASKA | BPXA | 100.0000000 | | | | | | | 04/30/1996 | 2533.00 | 12.500 | | |
| N/A | ADL371024 | ALASKA | CPCO | 100.0000000 | | | | | | | 08/31/1997 | 2560.00 | 16.667 | | |
| COLVILLE RIVER | ADL372095 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 2560.00 | 12.500 | | |
| COLVILLE RIVER | ADL372096 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 640.00 | 12.500 | | |
| COLVILLE RIVER | ADL372097 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 1239.00 | 12.500 | | |
| COLVILLE RIVER | ADL372103 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 2560.00 | 12.500 | | |
| COLVILLE RIVER | ADL372104 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 2560.00 | 12.500 | | |
| COLVILLE RIVER | ADL372105 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 2437.00 | 12.500 | | |
| COLVILLE RIVER | ADL372106 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 1920.00 | 12.500 | | |
| COLVILLE RIVER | ADL372107 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 2560.00 | 12.500 | | |
| COLVILLE RIVER | ADL372108 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/1998 | 1280.00 | 12.500 | | |
| PT THOMSON * | ADL372256 | ALASKA | EM | 100.0000000 | | | | | | | 11/30/1998 | 1412.00 | 20.000 | | |
| KUPARUK RIVER | ADL373112 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 11/30/1998 | 5583.00 | 12.500 | | |
| KUPARUK RIVER | ADL373301 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 2/28/1999 | 677.15 | 12.500 | | |
| PT THOMSON * | ADL375064 | ALASKA | CHEVRON | 44.0000000 | BPXA | 56.0000000 | | | | | 03/31/2001 | 1062.00 | 16.667 | | |
| KUPARUK RIVER | ADL375074 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/31/2001 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL375075 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/31/2001 | 2533.00 | 12.500 | | |
| BADAMI | ADL375093 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/31/2001 | 1280.00 | 12.500 | | |
| BADAMI | ADL375094 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/31/2001 | 2544.00 | 12.500 | | |
| KUPARUK RIVER | ADL375108 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 3/31/2001 | 2523.00 | 12.500 | | |
| MILNE POINT | ADL375132 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/31/2001 | 2560.00 | 12.500 | | |
| MILNE POINT | ADL375133 | ALASKA | BPXA | 100.0000000 | | | | | | | 03/31/2001 | 2560.00 | 12.500 | | |

| UNIT | AGENCY | LESSOR | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | EXPIRATION | ACRES | ROYALTY | NET PROFIT | SLIDING |
|----------------|-----------|--------|---------------------|-------------|-----------|------------|-----------|------------|-------------|-----------|------------|---------|---------|------------|----------|
| BADAMI | ADL377011 | ALASKA | BPXA | 100.0000000 | | | | | | | 07/31/2001 | 5529.92 | 16.667 | | |
| PT THOMSON * | ADL377015 | ALASKA | BPXA | 56.0000000 | CHEVRON | 44.0000000 | | | | | 07/31/2001 | 3554.30 | 20.000 | | |
| PT THOMSON * | ADL377016 | ALASKA | CPAI | 50.0000000 | BPXA | 50.0000000 | | | | | 07/31/2001 | 2779.16 | 20.000 | | |
| PT THOMSON * | ADL377017 | ALASKA | EM | 66.6667000 | BPXA | 18.6666480 | CHEVRON | 14.6666520 | | | 07/31/2001 | 5696.18 | 20.000 | | |
| PT THOMSON * | ADL377020 | ALASKA | EM | 66.6667000 | BPXA | 18.6666480 | CHEVRON | 14.6666520 | | | 07/31/2001 | 1909.74 | 20.000 | | |
| COLVILLE RIVER | ADL380043 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 1280.00 | 16.670 | | |
| COLVILLE RIVER | ADL380044 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 1249.00 | 16.670 | | |
| KUPARUK RIVER | ADL380051 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL380052 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL380053 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL380054 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL380058 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 1280.00 | 12.500 | | |
| KUPARUK RIVER | ADL380062 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 615.00 | 12.500 | | |
| COLVILLE RIVER | ADL380075 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 4396.59 | 16.670 | | |
| COLVILLE RIVER | ADL380077 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 2148.81 | 16.670 | | |
| COLVILLE RIVER | ADL380078 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 1920.00 | 16.670 | | |
| COLVILLE RIVER | ADL380079 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 640.00 | 16.670 | | |
| COLVILLE RIVER | ADL380081 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 2560.00 | 16.670 | | |
| COLVILLE RIVER | ADL380082 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 640.00 | 16.670 | | |
| COLVILLE RIVER | ADL380092 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 1516.00 | 16.670 | | |
| COLVILLE RIVER | ADL380093 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 1426.64 | 16.670 | | |
| COLVILLE RIVER | ADL380095 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 498.00 | 16.670 | | |
| COLVILLE RIVER | ADL380096 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 640.00 | 16.670 | | |
| KUPARUK RIVER | ADL380106 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 2437.00 | 12.500 | | |
| KUPARUK RIVER | ADL380107 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 2448.00 | 12.500 | | |
| MILNE POINT | ADL380109 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/31/2003 | 2560.00 | 12.500 | | |
| MILNE POINT | ADL380110 | ALASKA | BPXA | 100.0000000 | | | | | | | 01/31/2003 | 2437.00 | 12.500 | | |
| PT THOMSON * | ADL382101 | ALASKA | CHEVRON | 44.0000000 | BPXA | 56.0000000 | | | | | 06/30/2003 | 1280.00 | 12.500 | | |
| COLVILLE RIVER | ADL384209 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 10/31/2003 | 640.00 | 16.670 | | |
| COLVILLE RIVER | ADL384210 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 10/31/2003 | 1280.00 | 16.670 | | |
| COLVILLE RIVER | ADL384211 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 10/31/2003 | 2485.00 | 16.670 | | |
| COLVILLE RIVER | ADL384214 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 10/31/2003 | 1920.00 | 16.670 | | |
| COLVILLE RIVER | ADL384215 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 10/31/2003 | 597.00 | 16.670 | | |
| KUPARUK RIVER | ADL385172 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 1280.00 | 12.500 | | |
| KUPARUK RIVER | ADL385175 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 1280.00 | 12.500 | | |
| COLVILLE RIVER | ADL387207 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 9/30/2003 | 1269.00 | 16.670 | 0 | 33.33333 |
| COLVILLE RIVER | ADL387208 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 9/30/2003 | 1145.67 | 16.670 | 0 | 33.33333 |
| COLVILLE RIVER | ADL387209 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 9/30/2003 | 639.93 | 16.670 | 0 | 33.33333 |
| COLVILLE RIVER | ADL387211 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 9/30/2003 | 1039.78 | 16.670 | | |
| COLVILLE RIVER | ADL387212 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 9/30/2003 | 1251.03 | 16.670 | 0 | 33.33333 |
| MILNE POINT | ADL388235 | ALASKA | BPXA | 100.0000000 | | | | | | | 05/31/1993 | 1920.00 | 12.500 | 30.000 | 0.00 |
| PT THOMSON * | ADL388425 | ALASKA | BPXA | 56.0000000 | CHEVRON | 44.0000000 | | | | | 12/31/2004 | 1162.08 | 20.000 | | |
| PT THOMSON * | ADL388426 | ALASKA | BPXA | 56.0000000 | CHEVRON | 44.0000000 | | | | | 12/31/2004 | 821.74 | 20.000 | | |
| COLVILLE RIVER | ADL388463 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 2916.50 | 16.670 | | |
| COLVILLE RIVER | ADL388464 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 1798.41 | 16.670 | | |
| COLVILLE RIVER | ADL388465 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 1157.00 | 16.670 | | |
| COLVILLE RIVER | ADL388466 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 1752.07 | 16.670 | | |
| COLVILLE RIVER | ADL388502 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 640.00 | 16.670 | | |
| COLVILLE RIVER | ADL388503 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 1280.00 | 16.670 | | |
| COLVILLE RIVER | ADL388504 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 640.00 | 16.670 | | |
| COLVILLE RIVER | ADL388525 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 384.00 | 16.670 | | |
| COLVILLE RIVER | ADL388527 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 572.00 | 16.670 | | |
| COLVILLE RIVER | ADL388528 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 420.00 | 16.670 | | |
| COLVILLE RIVER | ADL388529 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 362.00 | 16.670 | | |
| COLVILLE RIVER | ADL388901 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 11/11/2000 | 1038.55 | 12.500 | | |
| COLVILLE RIVER | ADL388902 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 1667.43 | 16.670 | | |
| COLVILLE RIVER | ADL388903 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 1247.00 | 16.670 | | |
| COLVILLE RIVER | ADL388904 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2003 | 653.00 | 16.670 | | |
| COLVILLE RIVER | ADL388905 | ALASKA | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 9/30/2003 | 286.63 | 16.670 | 0 | 33.33333 |

| UNIT | AGENCY | LESSOR | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | EXPIRATION | ACRES | ROYALTY | NET PROFIT | SLIDING |
|----------------|-----------|-------------------|---------------------|------------|------------|----------------|-----------|-------------|-----------|--|------------|---------|---------|------------|---------|
| LEASE NO | | NAME | WI | NAME | WI | NAME | WI | NAME | WI | | | | | | |
| COLVILLE RIVER | ADL388906 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 9/30/2003 | 24.74 | 16.670 | | |
| N/A | ADL389057 | ALASKA CPAI | 58.4649000 | BPXA | 41.5351000 | | | | | | 10/31/2009 | 5760.00 | 12.500 | | |
| KUPARUK RIVER | ADL389058 | ALASKA CPAI | 55.5070500 | BPXA | 39.4337500 | UNOCAL | 4.9506000 | CHEVRON | 0.1086000 | | 10/31/2005 | 5607.00 | 12.500 | | |
| KUPARUK RIVER | ADL389059 | ALASKA CPAI | 55.6156500 | BPXA | 39.4337500 | UNOCAL | 4.9506000 | | | | 10/31/2005 | 5760.00 | 12.500 | | |
| N/A | ADL389059 | ALASKA CPAI | 55.6156500 | BPXA | 39.4337500 | UNOCAL | 4.9506000 | | | | 10/31/2005 | 5760.00 | 12.500 | | |
| N/A | ADL389081 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 1540.38 | 12.500 | | |
| N/A | ADL389082 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389083 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 1391.22 | 12.500 | | |
| N/A | ADL389084 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389085 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389086 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 2544.00 | 12.500 | | |
| N/A | ADL389087 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 2555.00 | 12.500 | | |
| NE STORMS | ADL389096 | ALASKA CPAI | 50.0000000 | PIONEER NR | 50.0000000 | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| NE STORMS | ADL389097 | ALASKA CPAI | 50.0000000 | PIONEER NR | 50.0000000 | | | | | | 10/31/2005 | 2533.00 | 12.500 | | |
| N/A | ADL389106 | ALASKA CPAI | 75.0000000 | MURPHY | 25.0000000 | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389112 | ALASKA CPAI | 75.0000000 | MURPHY | 25.0000000 | | | | | | 10/31/2005 | 2544.00 | 12.500 | | |
| COLVILLE RIVER | ADL389113 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 640.00 | 12.500 | | |
| N/A | ADL389113 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 640.00 | 12.500 | | |
| COLVILLE RIVER | ADL389114 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 363.06 | 12.500 | | |
| N/A | ADL389114 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 363.06 | 12.500 | | |
| COLVILLE RIVER | ADL389115 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 640.00 | 12.500 | | |
| N/A | ADL389115 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 640.00 | 12.500 | | |
| COLVILLE RIVER | ADL389116 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 537.13 | 12.500 | | |
| N/A | ADL389116 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 537.13 | 12.500 | | |
| N/A | ADL389129 | ALASKA CPAI | 100.0000000 | | | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389130 | ALASKA CPAI | 100.0000000 | | | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389131 | ALASKA CPAI | 100.0000000 | | | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| KUPARUK RIVER | ADL389132 | ALASKA CPAI | 55.4023670 | ASRC | 35.3540100 | UNOCAL | 8.8788230 | EM AK | 0.3648000 | | 11/30/2005 | 1280.00 | 12.500 | | |
| N/A | ADL389132 | ALASKA CPAI | 55.4023670 | ASRC | 35.3540100 | UNOCAL | 8.8788230 | EXXON MOBIL | 0.3648000 | | 11/30/2005 | 1280.00 | 12.500 | | |
| KUPARUK RIVER | ADL389133 | ALASKA CPAI | 55.4023670 | ASRC | 35.3540100 | UNOCAL | 8.8788230 | EM AK | 0.3648000 | | 11/30/2005 | 2469.00 | 12.500 | | |
| N/A | ADL389133 | ALASKA CPAI | 55.4023670 | ASRC | 35.3540100 | UNOCAL | 8.8788230 | EXXON MOBIL | 0.3648000 | | 11/30/2005 | 2469.00 | 12.500 | | |
| N/A | ADL389134 | ALASKA CPAI | 94.4271440 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.6222560 | | | | 11/30/2005 | 640.00 | 12.500 | | |
| N/A | ADL389135 | ALASKA CPAI | 94.4271440 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.6222560 | | | | 11/30/2005 | 1239.00 | 12.500 | | |
| N/A | ADL389136 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 1920.00 | 12.500 | | |
| N/A | ADL389137 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389138 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389139 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 9/30/2005 | 2560.00 | 12.500 | | |
| N/A | ADL389160 | ALASKA CPAI | 100.0000000 | | | | | | | | 06/30/2006 | 5630.00 | 12.500 | | |
| N/A | ADL389161 | ALASKA CPAI | 70.0000000 | AVCG | 30.0000000 | | | | | | 6/30/2006 | 5583.00 | 12.500 | | |
| N/A | ADL389166 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 06/30/2006 | 2560.00 | 12.500 | | |
| N/A | ADL389167 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 06/30/2006 | 1485.60 | 12.500 | | |
| N/A | ADL389168 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 06/30/2006 | 2560.00 | 12.500 | | |
| N/A | ADL389169 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 06/30/2006 | 2560.00 | 12.500 | | |
| N/A | ADL389170 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 06/30/2006 | 2560.00 | 12.500 | | |
| N/A | ADL389562 | ALASKA CPAI | 100.0000000 | | | | | | | | 11/30/2008 | 5760.00 | 12.500 | | |
| N/A | ADL389563 | ALASKA CPAI | 100.0000000 | | | | | | | | 11/30/2008 | 5725.00 | 12.500 | | |
| N/A | ADL389665 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 11/30/2008 | 5760.00 | 16.670 | | |
| N/A | ADL389666 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 11/30/2008 | 5583.00 | 16.670 | | |
| N/A | ADL389669 | ALASKA CPAI | 100.0000000 | | | | | | | | 11/30/2008 | 5583.00 | 16.667 | | |
| N/A | ADL389686 | ALASKA CPAI | 91.2395480 | UNOCAL | 8.1592120 | EXXON MOBIL AF | 0.6012400 | | | | 11/30/2008 | 2560.00 | 12.500 | | |
| N/A | ADL389688 | ALASKA CPAI | 91.2395480 | UNOCAL | 8.1592120 | EXXON MOBIL AF | 0.6012400 | | | | 11/30/2008 | 2560.00 | 12.500 | | |
| N/A | ADL389689 | ALASKA CPAI | 91.2395480 | UNOCAL | 8.1592120 | EXXON MOBIL AF | 0.6012400 | | | | 11/30/2008 | 2560.00 | 12.500 | | |
| N/A | ADL389690 | ALASKA CPAI | 91.2395480 | UNOCAL | 8.1592120 | EXXON MOBIL AF | 0.6012400 | | | | 11/30/2008 | 2533.00 | 12.500 | | |
| N/A | ADL389691 | ALASKA CPAI | 91.2395480 | UNOCAL | 8.1592120 | EXXON MOBIL AF | 0.6012400 | | | | 11/30/2008 | 2560.00 | 12.500 | | |
| N/A | ADL389696 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | | 11/30/2008 | 2560.00 | 12.500 | | |
| N/A | ADL389697 | ALASKA CPAI | 91.2395480 | UNOCAL | 8.1592120 | EXXON MOBIL AF | 0.6012400 | | | | 11/30/2008 | 2533.00 | 12.500 | | |
| N/A | ADL389698 | ALASKA CPAI | 91.2395480 | UNOCAL | 8.1592120 | EXXON MOBIL AF | 0.6012400 | | | | 11/30/2008 | 2544.00 | 12.500 | | |
| N/A | ADL389699 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | | 11/30/2008 | 2560.00 | 12.500 | | |
| PT THOMSON * | ADL389716 | ALASKA EM | 100.0000000 | | | | | | | | 05/31/2008 | 1473.92 | 16.667 | | |

| UNIT | AGENCY | LESSOR | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | EXPIRATION | ACRES | ROYALTY | NET PROFIT | SLIDING |
|----------------|-----------|-------------|---------------------|---------|------------|----------------|------------|---------|------------|------------|------------|---------|---------|------------|---------|
| LEASE NO | | NAME | WI | NAME | WI | NAME | WI | NAME | WI | | | | | | |
| COLVILLE RIVER | ADL389725 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 10/31/2003 | 1249.00 | 16.670 | | |
| COLVILLE RIVER | ADL389726 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 12/31/2004 | 138.00 | 16.670 | | |
| PT THOMSON * | ADL389727 | ALASKA BPXA | 56.0000000 | CHEVRON | 44.0000000 | | | | | | 07/31/2001 | 2143.39 | 20.000 | | |
| PT THOMSON * | ADL389728 | ALASKA CPAI | 50.0000000 | BPXA | 50.0000000 | | | | | | 07/31/2001 | 2952.62 | 20.000 | | |
| N/A | ADL389729 | ALASKA EM | 100.0000000 | | | | | | | | 05/31/2008 | 3426.78 | 16.667 | | |
| PT THOMSON * | ADL389730 | ALASKA EM | 66.6667000 | BPXA | 18.6666480 | CHEVRON | 14.6666520 | | | | 07/31/2001 | 3684.31 | 20.000 | | |
| N/A | ADL389782 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389783 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5704.00 | 12.500 | | |
| N/A | ADL389784 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389788 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389791 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389792 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5726.00 | 12.500 | | |
| N/A | ADL389793 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5749.00 | 12.500 | | |
| N/A | ADL389794 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389795 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389796 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5726.00 | 12.500 | | |
| N/A | ADL389797 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5749.00 | 12.500 | | |
| N/A | ADL389798 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389799 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5726.00 | 12.500 | | |
| N/A | ADL389830 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389831 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5595.56 | 12.500 | | |
| N/A | ADL389834 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389835 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5596.00 | 12.500 | | |
| N/A | ADL389837 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 1920.00 | 12.500 | | |
| N/A | ADL389840 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 3747.48 | 12.500 | | |
| N/A | ADL389883 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5704.00 | 12.500 | | |
| N/A | ADL389884 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389885 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5704.00 | 12.500 | | |
| N/A | ADL389886 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389887 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5726.00 | 12.500 | | |
| N/A | ADL389890 | ALASKA CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | | 06/30/2012 | 5760.00 | 12.500 | | |
| N/A | ADL389945 | ALASKA CPAI | 100.0000000 | | | | | | | | 08/31/2009 | 1706.07 | 16.667 | | |
| N/A | ADL389946 | ALASKA CPAI | 100.0000000 | | | | | | | | 08/31/2009 | 2014.39 | 16.667 | | |
| N/A | ADL389962 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 1268.00 | 16.670 | | |
| N/A | ADL389963 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 1280.00 | 16.670 | | |
| N/A | ADL389964 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 2560.00 | 16.670 | | |
| N/A | ADL389990 | ALASKA CPAI | 42.0000000 | APC | 22.0000000 | CHEVRON | 30.0000000 | ENCANA | 6.0000000 | | 8/31/2009 | 5587.00 | 12.500 | | |
| N/A | ADL390037 | ALASKA CPAI | 70.0000000 | AVCG | 30.0000000 | | | | | | 8/31/2009 | 2560.00 | 16.670 | | |
| N/A | ADL390038 | ALASKA CPAI | 70.0000000 | AVCG | 30.0000000 | | | | | | 8/31/2009 | 2560.00 | 16.670 | | |
| N/A | ADL390039 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | | | | 8/31/2009 | 2544.00 | 16.670 | | |
| N/A | ADL390040 | ALASKA CPAI | 55.4023670 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | BPXA | 39.2822330 | 12/31/2008 | 2555.00 | 16.670 | | | |
| N/A | ADL390042 | ALASKA CPAI | 55.4023670 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | BPXA | 39.2822330 | 8/31/2009 | 2560.00 | 16.670 | | | |
| N/A | ADL390043 | ALASKA CPAI | 55.4023670 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | BPXA | 39.2822330 | 8/31/2009 | 2533.00 | 16.670 | | | |
| N/A | ADL390046 | ALASKA CPAI | 55.4023670 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | BPXA | 39.2822330 | 8/31/2009 | 2544.00 | 16.670 | | | |
| N/A | ADL390053 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 1280.00 | 16.670 | | |
| N/A | ADL390054 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | | | | 8/31/2009 | 2501.00 | 16.670 | | |
| N/A | ADL390056 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | | | | 8/31/2009 | 2560.00 | 16.670 | | |
| KUPARUK RIVER | ADL390057 | ALASKA CPAI | 55.4023670 | ASRC | 35.3540100 | UNOCAL | 8.8788230 | EM AK | 0.3648000 | | 08/31/2009 | 1280.00 | 16.670 | | |
| N/A | ADL390058 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | | | | 8/31/2009 | 1920.00 | 16.670 | | |
| N/A | ADL390059 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | | | | 8/31/2009 | 1920.00 | 16.670 | | |
| N/A | ADL390060 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | | | | 8/31/2009 | 1241.00 | 16.670 | | |
| N/A | ADL390061 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | | | | 8/31/2009 | 1920.00 | 16.670 | | |
| N/A | ADL390062 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AF | 0.3648000 | | | | 8/31/2009 | 2491.00 | 16.670 | | |
| N/A | ADL390065 | ALASKA CPAI | 100.0000000 | | 0.0000000 | | | | | | 8/31/2009 | 2560.00 | 16.670 | | |
| N/A | ADL390067 | ALASKA CPAI | 36.0693850 | BPXA | 26.3553560 | EXXON MOBIL AF | 36.3954910 | CHEVRON | 1.1600000 | 8/31/2009 | 2560.00 | 16.670 | | | |
| N/A | ADL390068 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 640.00 | 16.670 | | |
| N/A | ADL390069 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 1280.00 | 16.670 | | |
| N/A | ADL390070 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 2544.00 | 16.670 | | |
| N/A | ADL390071 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 1280.00 | 16.670 | | |

| | AGENCY | | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | | | | NET | |
|----------------|-----------|-------------------|---------------------|---------|------------|----------------|------------|----------------|------------|------------|------------|---------|---------|----------|---------|
| UNIT | LEASE NO | LESSOR | NAME | WI | NAME | WI | NAME | WI | NAME | WI | EXPIRATION | ACRES | ROYALTY | PROFIT | SLIDING |
| N/A | ADL390072 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | | 8/31/2009 | 2555.00 | 16.670 | | |
| PRUDHOE BAY | ADL390080 | ALASKA BPXA | 26.3553560 | EM AK | 36.3954910 | CPAI | 36.0693850 | CHEVRON. et al | 1.1797680 | 10/31/2004 | 160.00 | 12.500 | | | |
| PT THOMSON * | ADL390310 | ALASKA CPAI | 5.0000000 | CHEVRON | 25.3990000 | EXXON MOBIL | 37.2750000 | BPXA | 32.3260000 | 3/31/2010 | 16.00 | 20.000 | | | |
| N/A | ADL390311 | ALASKA CPAI | 5.0000000 | CHEVRON | 25.3990000 | EXXON MOBIL | 37.2750000 | BPXA | 32.3260000 | 3/31/2010 | 165.00 | 20.000 | | | |
| N/A | ADL390312 | ALASKA CPAI | 5.0000000 | CHEVRON | 25.3990000 | EXXON MOBIL | 37.2750000 | BPXA | 32.3260000 | 3/31/2010 | 1280.00 | 20.000 | | | |
| N/A | ADL390313 | ALASKA CPAI | 5.0000000 | CHEVRON | 25.3990000 | EXXON MOBIL | 37.2750000 | BPXA | 32.3260000 | 3/31/2010 | 464.00 | 20.000 | | | |
| N/A | ADL390314 | ALASKA BPXA | 26.6700000 | CPAI | 36.5000000 | EM AK | 36.8300000 | | | 03/31/2010 | 2266.86 | 16.667 | | | |
| N/A | ADL390323 | ALASKA CPAI | 60.0000000 | APC | 40.0000000 | | | | | 03/31/2010 | 1931.40 | 16.667 | | | |
| N/A | ADL390324 | ALASKA CPAI | 60.0000000 | APC | 40.0000000 | | | | | 03/31/2010 | 2445.84 | 16.667 | | | |
| N/A | ADL390335 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AP | 0.3648000 | | | 5/31/2010 | 2560.00 | 16.670 | | | |
| N/A | ADL390336 | ALASKA CPAI | 94.6846000 | UNOCAL | 4.9506000 | EXXON MOBIL AP | 0.3648000 | | | 5/31/2010 | 2555.00 | 16.670 | | | |
| N/A | ADL390337 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 5/31/2010 | 1018.21 | 16.670 | 0 | 33.33333 | |
| N/A | ADL390338 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 5/31/2010 | 615.86 | 16.670 | 0 | 33.33333 | |
| N/A | ADL390339 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 5/31/2010 | 5.53 | 16.670 | 0 | 33.33333 | |
| N/A | ADL390340 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 5/31/2010 | 917.81 | 16.670 | 0 | 33.33333 | |
| N/A | ADL390341 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 5/31/2010 | 306.46 | 16.670 | 0 | 33.33333 | |
| COLVILLE RIVER | ADL390344 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2005 | 839.00 | 16.670 | | | |
| COLVILLE RIVER | ADL390345 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2005 | 448.00 | 16.670 | | | |
| N/A | ADL390346 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2006 | 614.00 | 16.670 | | | |
| N/A | ADL390347 | ALASKA CPAI | 77.6200000 | APC | 22.0000000 | PETRO-HUNT | 0.3800000 | | | 10/31/2005 | 225.00 | 16.670 | | | |
| COLVILLE RIVER | ADL390348 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 1/31/2005 | 192.00 | 16.670 | | | |
| N/A | ADL390349 | ALASKA CPAI | 56.0000000 | PAAI | 22.0000000 | APC | 22.0000000 | | | 12/31/2004 | 598.00 | 16.667 | | | |
| COLVILLE RIVER | ADL390350 | ALASKA CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2004 | 441.00 | 16.670 | | | |
| N/A | ADL390351 | ALASKA CPAI | 56.0000000 | APC | 22.0000000 | PAAI | 22.0000000 | | | 12/31/2004 | 1123.00 | 16.667 | | | |
| N/A | ADL390420 | ALASKA CPAI | 36.5000000 | BPXA | 26.6700000 | EXXON MOBIL | 36.8300000 | | | 4/30/2011 | 1319.44 | 16.670 | | | |
| N/A | ADL390437 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 5760.00 | 16.670 | | | |
| N/A | ADL390438 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 5583.00 | 16.670 | | | |
| N/A | ADL390439 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 5607.00 | 16.670 | | | |
| N/A | ADL390440 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 5760.00 | 16.670 | | | |
| N/A | ADL390441 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 5583.00 | 16.670 | | | |
| N/A | ADL390442 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 5583.00 | 16.670 | | | |
| N/A | ADL390443 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 5760.00 | 16.670 | | | |
| N/A | ADL390459 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390460 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390461 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390462 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390463 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390464 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390465 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2533.00 | 16.670 | | | |
| N/A | ADL390466 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390467 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390468 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2544.00 | 16.670 | | | |
| N/A | ADL390469 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390470 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390471 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2555.00 | 16.670 | | | |
| NE STORMS | ADL390472 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390473 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390474 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390475 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2544.00 | 16.670 | | | |
| N/A | ADL390476 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390477 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390478 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2555.00 | 16.670 | | | |
| N/A | ADL390484 | ALASKA CPAI | 95.0494000 | UNOCAL | 4.9506000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390485 | ALASKA CPAI | 95.0494000 | UNOCAL | 4.9506000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390486 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390487 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390488 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |
| N/A | ADL390489 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2501.00 | 16.670 | | | |
| N/A | ADL390490 | ALASKA PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | | |

| | AGENCY | | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | | | | NET | |
|----------------|-----------|--------|---------------------|-------------|-----------|------------|-----------|-----------|-------------|-----------|------------|----------|---------|--------|---------|
| UNIT | LEASE NO | LESSOR | NAME | WI | NAME | WI | NAME | WI | NAME | WI | EXPIRATION | ACRES | ROYALTY | PROFIT | SLIDING |
| N/A | ADL390491 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | |
| N/A | ADL390492 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | |
| N/A | ADL390493 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | |
| N/A | ADL390494 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2523.00 | 16.670 | | |
| N/A | ADL390495 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2512.00 | 16.670 | | |
| N/A | ADL390496 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2560.00 | 16.670 | | |
| N/A | ADL390497 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 4/30/2011 | 2523.00 | 16.670 | | |
| N/A | ADL390503 | ALASKA | CPAI | 95.0494000 | UNOCAL | 4.9506000 | | | | | 4/30/2011 | 2480.00 | 16.670 | | |
| N/A | ADL390506 | ALASKA | CPAI | 95.0494000 | UNOCAL | 4.9506000 | | | | | 4/30/2011 | 2448.00 | 16.670 | | |
| N/A | ADL390661 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 7/31/2012 | 5760.00 | 16.670 | | |
| N/A | ADL390667 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 07/31/2012 | 2533.00 | 16.667 | | |
| N/A | ADL390668 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 07/31/2012 | 2544.00 | 16.667 | | |
| N/A | ADL390689 | ALASKA | PIONEER NR | 50.0000000 | CPAI | 50.0000000 | | | | | 7/31/2012 | 2512.00 | 16.660 | | |
| KUPARUK RIVER | ADL390705 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 1221.00 | 12.500 | | |
| KUPARUK RIVER | ADL390706 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 1897.00 | 12.500 | | |
| KUPARUK RIVER | ADL390707 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 1280.00 | 12.500 | | |
| KUPARUK RIVER | ADL390708 | ALASKA | CPAI | 55.4023670 | BPXA | 39.2822330 | UNOCAL | 4.9506000 | EXXON MOBIL | 0.3648000 | 1/31/2003 | 1280.00 | 12.500 | | |
| N/A | ASRC_ANWR | ASRC | CHEVRON | 50.0000000 | BPXA | 50.0000000 | | | | | confid | 0.00 | | | |
| COLVILLE RIVER | ASRC-NPR1 | ASRC | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 8/31/2005 | 14245.44 | 10.250 | | |
| COLVILLE RIVER | ASRC-NPR2 | ASRC | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 08/31/2005 | 8838.21 | 15.000 | | |
| N/A | ASRC-NPR3 | ASRC | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/2011 | 4433.00 | 16.670 | | |
| N/A | ASRC-NPR4 | ASRC | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 3/31/2011 | 15912.00 | 16.670 | | |
| NORTHSTAR | Y00179 | MMS | BPXA | 100.0000000 | | | | | | | 11/05/2002 | 2251.99 | | | |
| NORTHSTAR | Y00181 | MMS | BPXA | 90.0000000 | MURPHY AK | 10.0000000 | | | | | 11/05/2002 | 5242.65 | | | |
| LIBERTY | Y01585 | MMS | BPXA | 100.0000000 | | | | | | | 11/30/2004 | 5522.28 | 12.500 | | |
| N/A | Y01635 | MMS | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2006 | 5693.30 | 12.500 | | |
| N/A | Y01636 | MMS | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2006 | 5693.30 | 12.500 | | |
| N/A | Y01637 | MMS | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2006 | 5693.30 | 12.500 | | |
| N/A | Y01638 | MMS | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2006 | 5576.75 | 12.500 | | |
| N/A | Y01639 | MMS | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2006 | 5693.30 | 12.500 | | |
| | Y01640 | MMS | CPAI | 78.0000000 | APC | 22.0000000 | | | | | 12/31/2006 | 5693.30 | 12.500 | | |
| N/A | Y01641 | MMS | CPAI | 100.0000000 | | | | | | | 12/31/2006 | 1068.59 | 12.500 | | |
| N/A | Y01642 | MMS | CPAI | 100.0000000 | | | | | | | 12/31/2006 | 5310.88 | 12.500 | | |
| NORTHSTAR | Y01645 | MMS | BPXA | 100.0000000 | | | | | | | 11/30/2006 | 2929.64 | 12.500 | | |
| LIBERTY | Y01650 | MMS | BPXA | 100.0000000 | | | | | | | 11/30/2004 | 5307.81 | 12.500 | | |
| N/A | Y01651 | MMS | BPXA | 100.0000000 | | | | | | | 09/30/2006 | 3.00 | 12.500 | | |
| N/A | Y01661 | MMS | CPAI | 100.0000000 | | | | | | | 10/31/2006 | 3745.00 | 12.500 | | |
| N/A | Y01667 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 3517.51 | 12.500 | | |
| N/A | Y01668 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 3306.13 | 12.500 | | |
| N/A | Y01669 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 2316.97 | 12.500 | | |
| N/A | Y01670 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 2122.13 | 12.500 | | |
| N/A | Y01671 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 4559.88 | 12.500 | | |
| N/A | Y01672 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 3691.90 | 12.500 | | |
| N/A | Y01674 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 950.00 | 12.500 | | |
| N/A | Y01675 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 5635.29 | 12.500 | | |
| N/A | Y01676 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 2536.31 | 12.500 | | |
| N/A | Y01678 | MMS | CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | 10/31/2008 | 267.00 | 12.500 | | |
| N/A | Y01679 | MMS | CPAI | 50.0000000 | CHEVRON | 50.0000000 | | | | | 10/31/2008 | 5517.53 | 12.500 | | |
| N/A | Y01680 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 4428.49 | 12.500 | | |
| N/A | Y01681 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 4710.00 | 12.500 | | |
| N/A | Y01682 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 5050.20 | 12.500 | | |
| N/A | Y01683 | MMS | CPCO | 100.0000000 | | | | | | | 10/31/2008 | 156.00 | 12.500 | | |
| N/A | Y1706 | MMS | CPAI | 100.0000000 | | | | | | | 11/30/2013 | 4890.28 | 12.500 | | |
| N/A | Y1707 | MMS | CPAI | 100.0000000 | | | | | | | 11/30/2013 | 4647.20 | 12.500 | | |
| N/A | Y1708 | MMS | CPAI | 100.0000000 | | | | | | | 11/30/2013 | 5523.41 | 12.500 | | |
| N/A | Y1710 | MMS | CPAI | 100.0000000 | | | | | | | 11/30/2013 | 5693.30 | 12.500 | | |
| N/A | Y1730 | MMS | CPAI | 100.0000000 | | | | | | | 11/30/2013 | 5693.30 | 12.500 | | |
| N/A | Y1731 | MMS | CPAI | 100.0000000 | | | | | | | 11/30/2013 | 487.00 | 12.500 | | |
| N/A | Y1732 | MMS | CPAI | 100.0000000 | | | | | | | 11/30/2013 | 5693.30 | 12.500 | | |

| | AGENCY | | NOTIFICATION LESSEE | | OTHER WIO | | OTHER WIO | | OTHER WIO | | | | | NET | |
|------|----------|--------|---------------------|-------------|-----------|----|-----------|----|-----------|----|------------|---------|---------|--------|---------|
| UNIT | LEASE NO | LESSOR | NAME | WI | NAME | WI | NAME | WI | NAME | WI | EXPIRATION | ACRES | ROYALTY | PROFIT | SLIDING |
| N/A | Y1733 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1734 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1735 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1736 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1737 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1738 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1739 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1740 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1741 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1797 | MMS | CPAI | 100.0000000 | | | | | | | | 5693.30 | 12.500 | | |
| N/A | Y1798 | MMS | CPAI | 100.0000000 | | | | | | | | 2175.79 | 12.500 | | |
| N/A | Y1801 | MMS | CPAI | 100.0000000 | | | | | | | | 4996.47 | 12.500 | | |
| N/A | Y1802 | MMS | CPAI | 100.0000000 | | | | | | | | 2158.01 | 12.500 | | |

NOTE: Acreage shown in parentheses denotes a second subsurface horizon within one lease.

* Effective August 31, 2000, all interests in this lease held by ExxonMobil Corporation, BP Exploration (Alaska) Inc., Chevron U.S.A. Inc., or ConocoPhillips Alaska, Inc. were aligned by the agreement titled Phillips Joinder Agreement Point Thomson Alignment Agreement. Under that agreement, the parties have equitable title in the aligned interest in the lease in the following percentages: 32.326% for BP, 25.399% for Chevron U.S.A., Inc., 37.275% for ExxonMobil Corporation, and 5.00% for ConocoPhillips Alaska, Inc.

| LEGEND | |
|--|---|
| APC | ANADARKO PETROLEUM COMPANY |
| BPXA | BP EXPLORATION (ALASKA) INC. |
| CHEVRON | CHEVRON U.S.A. INC. |
| CPAI | CONOCOPHILLIPS ALASKA, INC. |
| CPCO | CONOCOPHILLIPS COMPANY |
| DEVON | DEVON ENERGY PRODUCTION COMPANY, L.P. |
| DOYON | DOYON LIMITED |
| EM | EXXON MOBIL CORPORATION |
| EM AK | EXXONMOBIL ALASKA PRODUCTION INC. |
| EM OIL | EXXONMOBIL OIL CORPORATION |
| ENCANA | ENCANA OIL AND GAS (USA) INC. |
| FOREST | FOREST OIL CORPORATION |
| KERR M | KERR MCGEE |
| LEEDE, ED | EDWARD H. LEEDE |
| MURPHY | MURPHY EXPLORATION (ALASKA), INC. |
| MURPHY AK | MURPHY EXPLORATION (ALASKA), INC. |
| NANA | NANA REGIONAL CORPORATION INC. |
| PETRO-HUNT | PETRO-HUNT L. L. C. |
| UNOCAL | UNION OIL COMPANY OF CALIFORNIA |
| ALASKA | State of Alaska, Department of Natural Resources, Division of Oil and Gas |
| ASRC | Artic Slope Regional Corporation |
| BLM | Bureau of Land Management |
| MMS | Minerals Management Service |
| (1) Lessee of Record is EXXONMOBIL CORPORATION | |
| (2) Lessee of Record is EXXONMOBIL OIL CORPORATION | |
| (3) Lessee of Record is BP EXPLORATION (ALASKA) INC. | |
| NOTE: Where a lease has been divided into segments by DNR all segments are shown. If part in unit/part outside each part shown on applicable appendix. | |

EXHIBIT E

ALASKA HIRE AND CONTENT

E.1 Comply With Law. [*Contractor Name*] shall comply with all valid *Laws* relating to hiring of *Alaska* residents or contracting with *Alaska Businesses* to work on construction or operation of the *Alaska Project*. In making hiring or contracting decisions for construction or operation of the *Alaska Project*, [*Contractor Name*] shall not discriminate against *Alaska* residents or *Alaska Businesses*.

E.2 Alaska Hire. Within the constraints of *Law*, [*Contractor Name*] shall employ *Alaska* residents and shall contract with *Alaska Businesses* to work on construction, fabrication, or operation of the *Alaska Project* to the extent *Alaska* residents or *Alaska Businesses*:

- (a) are available, ready, willing and able to accept employment at the time required and are located anywhere in *Alaska*, not just in the area of *Alaska* where the work is to be performed;
- (b) are competitively priced in that they offer goods or services required by a *Midstream Entity* at a total cost that is equal to or less than the total cost of equivalent goods or services offered by a non-*Alaska* resident or a non-*Alaska Business*; and
- (c) possess the requisite resources, education, training, skills, certification and experience to satisfactorily perform the work necessary for a particular position or to perform a particular service.

E.3 Recruitment. In hiring its employees, [Contractor Name] shall advertise for available positions and use *Alaska Job Service Organizations* to notify *Alaska* residents of available positions on the *Alaska Project*, under the requirements of the *SGDA*. [Contractor Name] shall provide the *State* of Alaska Department of Labor and Workforce Development (“Labor Department”) with a copy of each advertisement at the time each advertisement is made public. The *Labor Department* may publicly disseminate that information. A position is available if: (a) it is vacant and located primarily or exclusively in *Alaska*; (b) it has not been offered; and (c) [Contractor Name] intends to fill it with personnel not already employed by [Contractor Name] or its *Affiliate*.

E.4 Reporting. The *State* shall report *Alaska Resident* employment on the *Alaska Project*, consistent with the provisions of applicable *Law*. [Contractor Name] shall facilitate this reporting by using the *State* electronic unemployment insurance compensation payroll reporting format existing on the *Effective Date*, as modified by the addition of a *Project* code to identify individuals who received *Alaska* earned wages as the result of being employed by the *Midstream Entity* during the reporting period.

E.5 Contractors. [Contractor Name] shall include provisions substantially in the form of this Exhibit in any contract with a contractor for the provision of goods or services in connection with the *Alaska Project*.

EXHIBIT F
EXAMPLE CALCULATIONS

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[NOTE: These calculations are in the process of development and may not accurately reflect current contract language. They are subject to further review and modification by the Parties.]

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EXAMPLE CALCULATIONS

NOTE: All calculations below are provided for example purposes only. For convenience and simplification purposes, the values shown and the results reported for the calculations performed below may not conform with the units of measure and rounding conventions under Article A.9.

For the purposes of Exhibit F, “*Total Transport Fee*” has the same meaning as “*Alaska to Alberta Tariff*”.

F.1 Article 10.1 – Open Season Capacity Acquisition. The following is an example calculation for determining the amount of *State Capacity* to be sought by a *Producer Capacity Holder* on behalf of the *State*, in proportion to *State Gas* attributable to the *Producer Gas* originating from that *Producer’s Properties*.

Assumptions:

- (1) *State’s fixed Royalty* percentage under Article 9.2 for *Property X*: 12.50%
- (2) *State’s Tax Gas* percentage under Article 10.4 for *Property X*: 7.25%
- (3) *Producer A’s Working Interest* = 25%
- (4) Gross expected offtake of all *Royalty Bearing Gas* and *Tax Bearing Gas* from *Property X*: 1,000,000 MCFD

Required:

- I. Determine the *State Capacity*, to be sought by *Producer Capacity Holder A*, attributable to *Producer A's Gas* originating from *Property X*.
- II. Determine the volume of *State Gas* associated with *Producer A's Gas* expected to originate from *Property X*, to be sought in an *Open Season*.

Solution:

- I. Calculation of *State Capacity* to be sought by *Producer Capacity Holder A*, attributable to *Producer A's Gas* originating from *Property X*:

Producer A's Royalty Bearing Gas and Tax Bearing Gas expected to originate from *Property X* = Gross expected offtake of all *Royalty Bearing Gas and Tax Bearing Gas* * *Producer A's Working Interest in Property X*

$$= 1,000,000 \text{ MCFD} * 0.25$$

$$= 250,000 \text{ MCFD}$$

- II. Calculation of *State Gas* associated with *Producer A's Gas* expected to originate from *Property X*, to be sought in an *Open Season*:

State Gas = *Producer A's Royalty Bearing Gas and Tax Bearing Gas* expected to originate from *Property X* * *Royalty percentage*) + *Producer A's Royalty Bearing Gas and Tax Bearing Gas* expected to originate from *Property X* * (*Tax Gas percentage* * (1 – *Royalty percentage*))

$$= (250,000 \text{ MCFD} * 0.1250) + 250,000 \text{ MCFD} * (0.0725 * (1 - 0.1250))$$

$$= 47,109 \text{ MCFD}$$

F.2 Article 10 – Put Capacity Method – Producer Put Capacity. The following is an example calculation for determination of the *Forecast Ratio*, *Takeaway Ratio*, and *Producer Put Capacity*, as provided under Article 10.4.

Assumptions:

- (1) *State Takeaway Capability* for *Property A* for *Alcan Element M* as identified in the most recently amended *Capacity Notice* (STC_{AM}): 150 *MMCFD*.
- (2) *Producer Takeaway Capability* for *Property A* for *Alcan Element M* as identified in the most recently amended *Capacity Notice* (PTC_{AM}): 900 *MMCFD*.
- (3) *Forecast Producer Gas* for *Property A* for *Alcan Element M* in *Calendar Month X* (FPG_{AM}): 1000 *MMCFD*.
- (4) *Forecast Associated State Gas* for *Property A* for *Alcan Element M* in *Calendar Month X* ($FASG_{AM}$): 135 *MMCFD*.

Required:

- I. Determine the *Forecast Ratio* for *Property A* for *Alcan Element M* in *Calendar Month X* (FR_{AM}).
- II. Determine the *Takeaway Ratio* for *Property A* for *Alcan Element M* in *Calendar Month X* (TR_{AM}).
- III. Determine the *Producer Put Capacity* for *Property A* for *Alcan Element M* in *Calendar Month X* (PPC_{AM}).

Solution:

- I. Calculation of the *Forecast Ratio* for *Property A* for *Alcan Element M* in *Calendar Month X*:

$$FR_{AM} = \frac{FASG_{AM}}{(FASG_{AM} + FPG_{AM})}$$

$$\begin{aligned}
 &= \frac{135 \text{ MMCFD}}{(135 \text{ MMCFD} + 1,000 \text{ MMCFD})} \\
 &= 0.1189
 \end{aligned}$$

II. Calculation of the *Takeaway Ratio* for *Property A* for *Alcan Element M* in *Calendar Month X*:

$$\begin{aligned}
 \text{TR}_{\text{AM}} &= \frac{\text{STC}_{\text{AM}}}{(\text{STC}_{\text{AM}} + \text{PTC}_{\text{AM}})} \\
 &= \frac{150 \text{ MMCFD}}{(150 \text{ MMCFD} + 900 \text{ MMCFD})} \\
 &= 0.1429
 \end{aligned}$$

III. Calculation of *Producer Put Capacity* for *Property A* for *Alcan Element M* in *Calendar Month X*:

$$\begin{aligned}
 \text{PPC}_{\text{AM}} &= [\text{greater of } (\text{FR}_{\text{AM}} - \text{TR}_{\text{AM}}) \text{ or (zero)}] \times (\text{STC}_{\text{AM}} + \text{PTC}_{\text{AM}}) \\
 &= [\text{greater of } (0.1189 - 0.1429) \text{ or } 0] \times (150 \text{ MMCFD} + 900 \\
 &\quad \text{MMCFD}) \\
 &= 0 \times (150 \text{ MMCFD} + 900 \text{ MMCFD}) \\
 &= 0 \text{ MMCFD}
 \end{aligned}$$

F.3 Article 10 – Put Capacity Method – State Put Capacity. The following is an example calculation for determination *State Put Capacity*, as provided under Article 10.4.

Assumptions:

The example calculation assumptions and results from Exhibit F.2.

Required:

Determine the *State Put Capacity* for *Property A* for *Alcan Element M* in *Calendar Month X* (SPC_{AM}).

Solution:

Calculation of *State Put Capacity* for *Property A* for *Alcan Element M* in *Calendar Month X*:

$$\begin{aligned}
 SPC_{AM} &= [\text{greater of } (TR_{AM} - FR_{AM}) \text{ or } (\text{zero})] \times (STC_{AM} + PTC_{AM}) \\
 &= [\text{greater of } (0.1429 - 0.1189) \text{ or } 0] \times (150 \text{ MMCFD} + 900 \\
 &\quad \text{MMCFD}) \\
 &= 25.2 \text{ MMCFD}
 \end{aligned}$$

F.4 Article 12 – Fixed Royalty Payments - State as Royalty Owner. The following is an example calculation for determination of the *Volume of Royalty Gas*, payable as a *Fixed Royalty*, to be delivered to the *State* at *Delivery Point A* by a specific *Producer* where the only *Royalty* owner is the *State* as provided under Article 12.2(a).

Assumptions:

- (1) *State's Fixed Royalty* percentage under Article 12.2(a) for *Property A*: 12.50%
- (2) *Producer A's share of Royalty Bearing Gas* originating from *Property A* and delivered to *Delivery Point A*: 1,000,000 MCF

Required:

Determine the *Volume of Royalty Gas* to be delivered to the *State* by *Producer A* from *Property A*.

Solution:

Calculation of the *Volume of Royalty Gas* to be delivered to the *State* by *Producer A* from *Property A*:

Volume of Royalty Gas to be delivered to the *State* by *Producer A* from *Property A* =
Producer A's share of Royalty Bearing Gas originating from *Property A* \times *State's Fixed Royalty percentage*

$$= 1,000,000 \text{ MCF} \times 0.1250$$

$$= 125,000 \text{ MCF}$$

F.5 Article 12 - Fixed Royalty Payment - Multiple Royalty Owners. The following is an example calculation for determination of the *Volume of Royalty Gas* to be delivered to the *State* at *Delivery Point B* by a specific *Producer* where the *Property* has both *State* and non-*State* royalty owners as provided under Article 12.2(a).

Assumptions:

- (1) *State's Fixed Royalty percentage* under Article 12.2(a) for *Property B*: 12.50%
- (2) *Allocation of Property B Royalty* to the *State* (versus non-*State*): 50.123456%
- (3) *Producer B's share of royalty bearing Gas* originating from *Property B* and delivered to *Delivery Point B*: 1,000,000 MCF

Required:

Determine the *Volume of Royalty Gas* to be delivered to the *State* by *Producer B* from *Property B*.

Solution:

Calculation of the *Volume of Royalty Gas* to be delivered to the *State* by *Producer B* from *Property B*:

Volume of Royalty Gas to be delivered to the *State* by *Producer B* from *Property B* =
Producer B's share of royalty bearing *Gas* originating from *Property B* × *State's*
 allocated share of *Royalty* in *Property B* × *State's Fixed Royalty* percentage

$$= 1,000,000 \text{ MCF} \times 0.50123456 \times 0.125$$

$$= 64,654 \text{ MCF}$$

F.6 Article 13 - Tax Bearing Gas Payment, Value, Price and Tax Gas. The following is an example calculation for the determination of *Tax Bearing Gas*, *Tax Bearing Gas Payment*, *Tax Bearing Gas Value* and *Tax Bearing Gas Price*, as provided under Articles 13.3 through 13.8.

Assumptions:

- (1) *Tax Bearing Gas* percentage under Article 13.4: 7.25%
- (2) *Gas* delivered from *Property A* to *Delivery Point A* into a *Midstream Element* for *Calendar Month X*: 30,000,000 MCF (NOTE: Assume all *Gas* originating from *Property A* is *Gas* delivered by *Producers*)
- (3) Total royalty percentage for *Property A* from both *State* and non-*State* leases: 12.50%
- (4) *Producer A's Volume* delivered from *Property A* to *Delivery Point A*: 10,000,000 MCF
- (5) *AECO Price* for *Prior Calendar Month* (AECO): \$4.00/MMBTU
- (6) *Total Transport Fee* ("TTF"):

NOTE: The determination of the *Total Transport Fee* is highly dependent on the configuration and tariff of each *Midstream Element* and the *Non-Alaska Project*. Fuel

and shrinkage, as well as the basis for rates, must be considered when calculating the *Total Transport Fee*.

- (a) *Property A has a Gas Transmission Pipeline*
- (b) *The GTP rates are based on inlet MCF of Gas*
- (c) *The Mainline rates are based on inlet MMBTU of Gas*
- (d) *Alaska to Alberta Project rates are based on inlet MMBTU of Gas*
- (e) *All fuel and shrinkage is provided in kind by the Shippers*
- (f) *Gas Transmission Pipeline fuel (F_t): 0.30%*
- (g) *GTP fuel and shrinkage (F_p): 15.00%*
- (h) *Mainline fuel (F_a): 2.00%*
- (i) *Alaska to Alberta Project fuel (F_c): 2.50%*
- (j) *Gas Transmission Pipeline rate (R_t): \$0.20/MCF*
- (k) *GTP rate (R_p): \$0.35/MCF*
- (l) *Mainline rate (R_a): \$0.60/MMBTU*
- (m) *Alaska to Alberta Project rate (R_c): \$0.70/MMBTU*
- (n) *Heating Value of Gas at Delivery Point A: 1.115 MMBTU/MCF*

Required:

- I. Determine the total *Volume of Tax Bearing Gas* originating from *Property A* and delivered into *Delivery Point A* for *Calendar Month X*.
- II. Determine the *Tax Bearing Gas Price* for *Tax Bearing Gas* originating from *Property A* for *Calendar Month X*. (Note: Because *Tax Bearing Gas Price* is the price at the *Delivery Point*, the *AECO Price* must be calculated to reflect the price at *Delivery Point A* rather than at the *Alberta Hub*.)

- A. Determine the factor for adjusting the *Volume* transported from *Delivery Point A* to the *Alberta Hub* for fuel consumed and other losses incurred (“*VAF*”).

$$VAF = [(1 - F_t) \times (1 - F_p) \times (1 - F_a) \times (1 - F_c)]$$

- B. Determine the *Quantity* delivered to the *Alberta Hub*.

$$Quantity = Volume \text{ at } Delivery \text{ Point A} \times Heating \text{ Value at } Delivery \text{ Point A} \times VAF$$

- C. Determine the value of the *Quantity* if the entire amount were sold at the *Alberta Hub*.

$$Alberta \text{ Hub value} = Quantity \times AECO \text{ Price.}$$

- D. Determine the netback price at *Delivery Point A* (*DPP*).

$$DPP = Alberta \text{ Hub value} / Quantity \text{ at } Delivery \text{ Point A,}$$

$$\text{Where } Quantity \text{ at } Delivery \text{ Point A} = Volume \text{ at } Delivery \text{ Point A} \times Heating \text{ Value at } Delivery \text{ Point A.}$$

- E. Determine the *Total Transport Fee (TTF)* for *Gas* originating from *Property A* for *Calendar Month X*, where *TTF* means:

$$TTF = R_t / Heating \text{ Value at } Delivery \text{ Point A} + [R_p \times (1 - F_t)] / Heating \text{ Value at } Delivery \text{ Point A} + [R_a \times (1 - F_t) \times (1 - F_p)] + [R_c \times (1 - F_t) \times (1 - F_p) \times (1 - F_a)]$$

- F. Determine the *Tax Bearing Gas Price*:

$$Tax \text{ Bearing Gas Price} = DPP - TTF$$

- III. Determine the *Tax Bearing Gas Value* for *Tax Bearing Gas* originating from *Property A* for *Calendar Month X*.

IV. Determine the total *Tax Bearing Gas Payment* due to the *State* for *Tax Bearing Gas* originating from *Property A* for *Calendar Month X*.

V. Determine *Producer A's* share of the total *Tax Bearing Gas Payment* due the *State* for *Calendar Month X*.

Solution:

I. Calculation of the total *Volume* of *Tax Bearing Gas* for *Gas* originating from *Property A* and delivered into *Delivery Point A* for *Calendar Month X*:

$$\begin{aligned}
 \text{Tax Bearing Gas} &= \text{Gas originating from Property A and delivered to a Delivery Point} \times (1 - \text{royalty percentage for Property A}) \\
 &= 30,000,000 \text{ MCF} \times (1 - 0.1250) \\
 &= 26,250,000 \text{ MCF}
 \end{aligned}$$

II. Calculation of the *Tax Bearing Gas Price* at *Delivery Point A* for *Gas* originating from *Property A* for *Calendar Month X*:

A. Determination of the factor to adjust the *Volume* delivered to the *Alberta Hub*:

$$\begin{aligned}
 VAF &= [(1 - F_t) \times (1 - F_p) \times (1 - F_a) \times (1 - F_c)] \\
 &= [(1 - 0.003) \times (1 - 0.150) \times (1 - 0.020) \times (1 - 0.025)] \\
 &= 0.8097385
 \end{aligned}$$

B. Determination of the *Quantity* at the *Alberta Hub*:

$$\begin{aligned}
 \text{Quantity} &= \text{Volume at Delivery Point A} \times \text{Heating Value at Delivery Point A} \times VAF \\
 &= 26,250,000 \text{ MCF} \times 1.115 \text{ MMBTU/MCF} \times 0.8097385 \\
 &= 23,700,033 \text{ MMBTU}
 \end{aligned}$$

- C. Determination of the value of the *Quantity*:

$$\begin{aligned}
 \text{Alberta Hub value} &= \text{Quantity} \times \text{AECO Price} \\
 &= 23,700,033 \text{ MMBTU} \times \$4.00/\text{MMBTU} \\
 &= \$94,800,132
 \end{aligned}$$

- D. Determination of the netback price at *Delivery Point A (DPP)*:

$$\begin{aligned}
 \text{DPP} &= \text{Alberta Hub value} / \text{Quantity at Delivery Point A, where: Quantity} \\
 &\text{at Delivery Point A} = \text{Volume at Delivery Point A} \times \text{Heating Value at} \\
 &\text{Delivery Point A.}
 \end{aligned}$$

$$\begin{aligned}
 &= 26,250,000 \text{ MCF} \times 1.115 \text{ MMBTU/MCF} \\
 &= 29,268,750 \text{ MMBTU} \\
 \text{DPP} &= \$94,800,132 / 29,268,750 \text{ MMBTU} \\
 &= \$3.2389/\text{MMBTU}
 \end{aligned}$$

- E. Determination of the *Total Transportation Fee (TTF)*:

$$\begin{aligned}
 \text{TTF} &= R_t / \text{Heating Value at Delivery Point A} + [R_p \times (1 - F_t)] / \text{Heating} \\
 &\text{Value at Delivery Point A} + [R_a \times (1 - F_t) \times (1 - F_p)] + [R_c \times (1 - F_t) \times (1 \\
 &- F_p) \times (1 - F_a)] \\
 &= \$0.20/\text{MCF} / 1.115 \text{ MMBTU/MCF} + [\$0.35/\text{MCF} \times (1 - 0.003)] / 1.115 \\
 &\text{MMBTU/MCF} + [\$0.60/\text{MMMBTU} \times (1 - 0.003) \times (1 - 0.150)] + \\
 &[\$0.70/\text{MMBTU} \times (1 - 0.003) \times (1 - 0.150) \times (1 - 0.020)] \\
 &= \$1.5822/\text{MMBTU}
 \end{aligned}$$

- F. Determination of *Tax Bearing Gas Price*:

$$\begin{aligned}
 \text{Tax Bearing Gas Price} &= \text{DPP} - \text{TTF} \\
 &= \$3.2389/\text{MMBTU} - \$1.5822/\text{MMBTU}
 \end{aligned}$$

$$= \$1.66/MMBTU$$

III. Calculation of *Tax Bearing Gas Value* for *Tax Bearing Gas* originating from *Property A* for *Calendar Month X*:

$$\begin{aligned} \text{Tax Bearing Gas Value} &= \text{Tax Bearing Gas originating from Property A} \times \\ &\text{Heating Value at Delivery Point A} \times \text{Tax Bearing Gas Price} \end{aligned}$$

$$= 26,250,000 \text{ MCF} \times 1.115 \text{ MMBTU/MCF} \times \$1.66/MMBTU$$

$$= \$48,586,125$$

IV. Calculation of the total *Tax Bearing Gas Payment* due to the *State* for *Tax Bearing Gas* originating from *Property A* for *Calendar Month X*:

$$\begin{aligned} \text{Tax Bearing Gas Payment} &= \text{Tax Bearing Gas Value} \times \text{Tax Bearing Gas} \\ &\text{Percentage} \end{aligned}$$

$$= \$48,586,125 \times 0.0725$$

$$= \$3,522,494$$

V. Calculation of *Producer A's* share of the total *Tax Bearing Gas Payment* due to the *State* for *Calendar Month X*:

$$\begin{aligned} \text{Producer A's share of Tax Bearing Gas Payment} &= \text{total Tax Bearing Gas} \\ &\text{Payment} \times \text{Producer A's share of total Gas delivered to Delivery Point A from} \\ &\text{Property A} \end{aligned}$$

$$= \$3,522,494 \times 10,000,000 \text{ MCF}/30,000,000 \text{ MCF}$$

$$= \$1,174,165$$

F.7 Article 13.6 - State's Share of Tax Bearing Gas. The following is an example calculation for determination of the *Volume of Tax Gas* to be delivered to the *State* at a *Delivery Point* consistent with the *Tax Bearing Gas* election provided under Article 13.6.

Assumptions:

- (1) The example calculation assumptions and results for *Tax Bearing Gas*, *Tax Bearing Gas Price*, *Tax Bearing Gas Value* and *Tax Bearing Gas Payment* provided under Exhibit F.6 for *Property A*.

Required:

- I. Determine the total *Volume of Tax Gas* to be delivered to the *State* by the *Producers* at the *Delivery Point* immediately downstream of *Property A* during *Calendar Month X*.
- II. Determine the *Volume of Tax Gas* to be delivered to the *State* by *Producer A* at the *Delivery Point* for *Property A* for *Calendar Month X*.

Solution:

- I. Calculation of the total *Volume of Tax Gas* to be delivered to the *State* by the *Producers* at the *Delivery Point* immediately downstream of *Property A* during *Calendar Month X*.

$$\text{Tax Gas due to the State} = (\text{Property A Tax Bearing Gas Payment} / \text{Property A Tax Bearing Gas Price}) / \text{Heating Value at Delivery Point A}$$

$$= (\$3,522,494 / \$1.66/\text{MMBTU}) / 1.115 \text{ MMBTU/MCF}$$

$$= 1,903,125 \text{ MCF}$$

- II. Calculation of the *Volume of Tax Gas* to be delivered to the *State* by *Producer A* at the *Delivery Point* for *Property A* for *Calendar Month X*.

Producer A's Tax Gas due to the State = Tax Gas due to the State \times Producer

A's share of total Gas delivered to Delivery Point A from Property A

$$= 1,903,125 \text{ MCF} \times 10,000,000 \text{ MCF} / 30,000,000 \text{ MCF}$$

$$= 634,375 \text{ MCF}$$

F.8 Article 14 – Estimated Annual Payment in Lieu of Production Tax.

PPT EXAMPLES UNDER DEVELOPMENT

F.9 Article 15 - Annual Upstream Facilities Oil Payment. The following is an example calculation for determination of the annual *Upstream Facilities Oil Payment* due to the *State* in *Calendar Year X* for *Property A* as provided under Article 15. *Calendar Year X* occurs after *Calendar Year 2007*.

Assumptions:

- (1) *Barrels of Hydrocarbon Liquids* originating from *Property A* (assume all *Barrels* produced from *Property A* are *Producer Barrels*):
 - (a) *Calendar Year X-3*: 110,000,000 *Barrels*;
 - (b) *Calendar Year X-2*: 100,000,000 *Barrels*; and
 - (c) *Calendar Year X-1*: 90,000,000 *Barrels*.
- (2) The *Upstream Facilities Oil Payment* rate for *Property A* applicable to *Calendar Year X* = *Upstream Facilities Oil Payment* rate under Article 15.1 for the *Property* adjusted for inflation. Assume the rate of \$0.4960 per *Barrel* under Article 15.1 adjusted by the 70% *Ratio* equals \$0.5958 per *Barrel*.

- (3) Assume *Producer A's* deliveries of *Hydrocarbon Liquids* from *Property A* is equal to 30% of the total *Hydrocarbon Liquid Barrels* produced.

Required:

- I. Determine the *Barrels of Hydrocarbon Liquids* to be used in the calculation of the *Upstream Facilities Oil Payment for Property A for Calendar Year X*.
- II. Determine the *Upstream Facilities Oil Payment* due to the *State* for *Property A* for *Calendar Year X*.
- III. Determine *Producer A's Upstream Facilities Oil Payment* obligation to the *State* for *Property A* for *Calendar Year X*.

Solution:

- I. Calculation of the *Barrels of Hydrocarbon Liquids* to be used in the calculation of the *Upstream Facilities Oil Payment for Property A for Calendar Year X*:

$$\begin{aligned}
 \text{Upstream Facilities Oil Payment Barrels} &= (\text{Calendar Year X-3 Barrels} + \\
 &\quad \text{Calendar Year X-2 Barrels} + \text{Calendar Year X-1 Barrels}) / 3 \\
 &= (110,000,000 + 100,000,000 + 90,000,000) / 3 \\
 &= 100,000,000 \text{ Barrels}
 \end{aligned}$$

- II. Calculation of the total *Upstream Facilities Oil Payment* due to the *State* for *Property A* for *Calendar Year X*:

$$\begin{aligned}
 \text{Upstream Facilities Oil Payment} &= \text{Upstream Facilities Oil Payment Barrels} \times \\
 &\quad \text{Upstream Facilities Oil Payment rate for Property A} \\
 &= 100,000,000 \text{ Barrels} \times \$0.5958/\text{Barrel} \\
 &= \$59,580,000
 \end{aligned}$$

III. Calculation of *Producer A's Upstream Facilities Oil Payment* obligation to the *State* for *Property A* for *Calendar Year X*:

$$\begin{aligned}
 &\text{Producer A's Upstream Facilities Oil Payment obligation} = \text{total Upstream} \\
 &\text{Facilities Oil Payment due to the State from Property A} \times \text{Producer A's Barrels} \\
 &\text{produced from Property A} \\
 &= \$59,580,000 \times 0.30 \\
 &= \$17,874,000
 \end{aligned}$$

F.10 Article 15 - Annual Upstream Facilities Gas Payment. The following is an example calculation for determination of the annual *Upstream Facilities Gas Payment* due to the *State* in after the first five (5) years of production in *Calendar Year X* for a specific *Property* as provided under Article 15.

Assumptions:

- (1) *Volume of Producer and Associated State Gas* originating from *Property A* (assume all *Gas* is either *Producer Gas* or *Associated State Gas*):
 - (a) *Calendar Year X-3*: 340,000,000 *MCF*;
 - (b) *Calendar Year X-2*: 350,000,000 *MCF*; and
 - (c) *Calendar Year X-1*: 360,000,000 *MCF*.
- (2) *Upstream Facilities Gas Payment* rate applicable to *Calendar Year X* = the *Upstream Facilities Gas Payment* rate under Article 15.2. Assume that the \$0.0210 per *MCF* under Article 15.2 adjusted for inflation by the 80% *Ratio* equals \$0.0258 per *MCF*.
- (3) *Producer A's* deliveries of *Gas* to *Delivery Point A* from *Property A* is equal to 30% of total *Gas* produced.

Required:

- I. Determine the *Volume of Gas* to be used in the calculation of the *Upstream Facilities Gas Payment* for *Property A* for *Calendar Year X*.
- II. Determine the *Upstream Facilities Gas Payment* due to the *State* for *Property A* for *Calendar Year X*.
- III. Determine *Producer A's Upstream Facilities Gas Payment* obligation to the *State* for *Property A* for *Calendar Year X*.

Solution:

- I. Calculation of *Volume of Gas* to be used in the calculation of the *Upstream Facilities Gas Payment* for *Property A* for *Calendar Year X*:

$$\begin{aligned}
 \text{Upstream Facilities Gas Payment Volume} &= (\text{Calendar Year X-3 Volume} + \\
 &\quad \text{Calendar Year X-2 Volume} + \text{Calendar Year X-1 Volume}) / 3 \\
 &= (340,000,000 \text{ MCF} + 350,000,000 \text{ MCF} + 360,000,000 \text{ MCF}) / 3 \\
 &= 350,000,000 \text{ MCF}
 \end{aligned}$$

- II. Calculation of the *Upstream Facilities Gas Payment* due to the *State* for *Property A* for *Calendar Year X*:

$$\begin{aligned}
 \text{Upstream Facilities Gas Payment} &= \text{Upstream Facilities Gas Payment Volume} \times \\
 &\quad \text{Upstream Facilities Gas Payment rate} \\
 &= 350,000,000 \text{ MCF} \times \$0.0258/\text{MCF} \\
 &= \$9,030,000
 \end{aligned}$$

- III. Calculation of *Producer A's Upstream Facilities Gas Payment* obligation to the *State* for *Property A* for *Calendar Year X*:

$$\begin{aligned}
 \text{Producer A's obligation} &= \text{Upstream Facilities Gas Payment due to the State} \\
 &\text{from Property A} \times \text{Producer A's share of Gas production from Property A} \\
 &= \$9,030,000 \times 0.30 \\
 &= \$2,709,000
 \end{aligned}$$

F.11 Article 16 - Annual Midstream Payment. The following is an example calculation for determination of the annual *Midstream Payment* due to the *State* after the first five (5) annual *Midstream Payments* in *Calendar Year X* for the *Mainline, GTP and Gas Transmission Pipelines* as provided under Article 16.

Assumptions:

(1A) Total Volume delivered by *Producers* to the *Inlet Point* of *Gas Transmission*

Pipeline A:

- (a) *Calendar Year X-3: 400 BCF;*
- (b) *Calendar Year X-2: 375 BCF; and*
- (c) *Calendar Year X-1: 350 BCF*

(1B) Total Volume delivered by *Producers* to the *Inlet Point* of *Gas Transmission*

Pipeline B:

- (a) *Calendar Year X-3: 100 BCF;*
- (b) *Calendar Year X-2: 90 BCF; and*
- (c) *Calendar Year X-1: 80 BCF*

(2A) *Gas Transmission Pipeline A Segment Length: 30.1 miles*

(2B) *Gas Transmission Pipeline B Segment Length: 12.0 miles*

NOTE: *Gas Transmission Pipeline B* interconnects with *Gas Transmission Pipeline A* at a distance of 20.0 miles from the *Outlet Point* of *Gas Transmission Pipeline A*. Gas from *Gas Transmission Pipeline B* is commingled at that *Outlet Point* with Gas from *Gas Transmission Pipeline A* for delivery to the *GTP*.

(3) Total *Volume* delivered into the *Mainline* (assume all Gas delivered into the *Mainline* was delivered from the outlet of the *GTP*):

- (a) *Calendar Year X-3*: 1,600 BCF;
- (b) *Calendar Year X-2*: 1,500 BCF; and
- (c) *Calendar Year X-1*: 1,400 BCF.

(4) *Mainline Midstream Payment* rate applicable to *Calendar Year 2005*: \$0.0240 per *MMBTU*

(5) *GTP Midstream Payment* rate applicable to *Calendar Year 2005*: \$0.0100 per *MMBTU*

(6) *Gas Transmission Pipeline Midstream Payment* rate applicable to *Calendar Year 2005*: \$0.0003 per *MCF* per mile

(7) Weighted average *Heating Value* of *Producer Gas* delivered into the *Mainline* from the *GTP*:

- (a) *Calendar Year X-3*: 1.050 *MMBTU/MCF*;
- (b) *Calendar Year X-2*: 1.025 *MMBTU/MCF*; and
- (c) *Calendar Year X-1*: 1.035 *MMBTU/MCF*.

(8) *CPI* for *Calendar Year 2005* = 190.3

(9) *CPI* for December of *Calendar Year X-1* = *CPI* for *Calendar Year X* = 250.0

Required:

- I. A. Determine the *Volume* transported through *Gas Transmission Pipeline A* upstream of the *Inlet Point* where *Gas Transmission Pipeline B* interconnects with *Gas Transmission Pipeline A* to be used in the calculation of the *Midstream Payment* for *Gas Transmission Pipeline A* for *Calendar Year X*.
- B. Determine the *Volume* transported through the portion of *Gas Transmission Pipeline A* downstream of the *Inlet Point* where *Gas Transmission Pipeline B* interconnects with *Gas Transmission Pipeline A* to be used in the calculation of the *Midstream Payment* for *Gas Transmission Pipeline A* for *Calendar Year X*.
- C. Determine the *Volume* transported through *Gas Transmission Pipeline B* to be used in the calculation of the *Midstream Payment* for *Gas Transmission Pipeline B* for *Calendar Year X*.
- II. Determine the *Quantity* of *Gas* delivered into the *Mainline* to be used in the calculation of the *Midstream Payment* for the *Mainline* and the *GTP* for *Calendar Year X*.
- III. A. Determine the *Midstream Payment* due to the *State* from the *Midstream Entity* that owns *Gas Transmission Pipeline A* for *Calendar Year X*.
- B. Determine the *Midstream Payment* due to the *State* from the *Midstream Entity* that owns *Gas Transmission Pipeline B* for *Calendar Year X*.
- IV. Determine the *Midstream Payment* due to the *State* from the *GTP Entity* for *Calendar Year X*.
- V. Determine the *Midstream Payment* due to the *State* from the *Mainline Entity* for *Calendar Year X*.

Solution:I. Calculation of *Gas Transmission Pipeline Volumes*(A) *Volume for Gas Transmission Pipeline A upstream of the Inlet Point*where *Gas Transmission Pipeline B* interconnects with *Gas Transmission*

$$\text{Pipeline A} = [(Calendar Year X-3 A BCF + Calendar Year X-2 A BCF + Calendar Year X-1 A BCF)] / 3 \times (1,000,000 MCF/BCF)$$

$$= [(400 BCF + 375 BCF + 350 BCF) / 3] \times 1,000,000 MCF/BCF$$

$$= 375,000,000 MCF$$

(B) *Volume for Gas Transmission Pipeline A downstream of the Inlet Point*where *Gas Transmission Pipeline B* interconnects with *Gas Transmission*

$$\text{Pipeline A} = [(Calendar Year X-3 A BCF + Calendar Year X-3 B BCF + Calendar Year X-2 A BCF + Calendar Year X-2 B BCF + Calendar Year X-1 A BCF + Calendar Year X-1 B BCF)] / 3 \times (1,000,000 MCF/BCF)$$

$$= [((400 + 100) BCF + (375 + 90) BCF + (350 + 80) BCF) / 3] \times 1,000,000 MCF/BCF$$

$$= 465,000,000 MCF$$

(C) *Volume for Gas Transmission Pipeline B* = $[(Calendar Year X-3 BCF +$

$$Calendar Year X-2 BCF + Calendar Year X-1 BCF)] / 3 \times 1,000,000 MCF/BCF$$

$$= [(100 BCF + 90 BCF + 80 BCF) / 3] \times (1,000,000 MCF/BCF)$$

$$= 90,000,000 MCF$$

II. Calculation of the *Quantity of Gas* delivered into the Mainline to be used in the calculation of the *Midstream Payment* for the *Mainline* and the *GTP* for *Calendar Year X*:

$$\begin{aligned}
 \text{A. } \text{Midstream Payment Quantity} &= \{[(\text{Calendar Year X-3 BCF} \times \text{Heating Value for Calendar Year X-3}) + (\text{Calendar Year X-2 BCF} \times \text{Heating Value for Calendar Year X-2}) + (\text{Calendar Year X-1 BCF} \times \text{Heating Value for Calendar Year X-1})] / 3\} \times (1,000,000 \text{ MCF/BCF}) \\
 &= \{[(1,600 \text{ BCF} \times 1.050 \text{ MMBTU/MCF}) + (1,500 \text{ BCF} \times 1.025 \text{ MMBTU/MCF}) + (1,400 \text{ BCF} \times 1.035 \text{ MMBTU/MCF})] / 3\} \times (1,000,000 \text{ MCF/BCF}) \\
 &= 1,555,500,000 \text{ MMBTU}
 \end{aligned}$$

III. Calculation of *Midstream Payments* due to the *State* from the *Midstream Entities* that own *Gas Transmission Pipeline A* and *Gas Transmission Pipeline B*.

A. Calculation of the *Midstream Payment* due to the *State* from the *Midstream Entity* that owns *Gas Transmission Pipeline A* for *Calendar Year X*:

$$\begin{aligned}
 \text{Midstream Payment} &= [\text{Volume upstream of the Inlet Point from Gas Transmission Pipeline B} \times \text{Midstream Payment rate applicable to Calendar Year 2005 for Gas Transmission Pipeline A} \times (\text{CPI for Calendar Year X} / \text{CPI for Calendar Year 2005}) \times \text{length of Gas Transmission Pipeline A for that Volume upstream of the Inlet Point from Gas Transmission Pipeline B}] + \\
 &[\text{Volume downstream of the Inlet Point from Gas Transmission Pipeline B} \times \text{Midstream Payment rate applicable to Calendar Year 2005 for Gas Transmission Pipeline A} \times (\text{CPI for Calendar Year X} / \text{CPI for Calendar Year 2005}) \times \text{length of Gas Transmission Pipeline A for that Volume downstream of the Inlet Point from Gas Transmission Pipeline B}].
 \end{aligned}$$

$$\begin{aligned}
&= [375,000,000 \text{ MCF} \times \$0.0003/\text{MCF}/\text{mile} \times (250.0 / 190.3) \times \\
&\quad (30.1 \text{ miles} - 20.0 \text{ miles})] + [465,000,000 \text{ MCF} \times \$0.0003/\text{MCF}/\text{mile} \times \\
&\quad (250.0 / 190.3) \times 20.0 \text{ miles}] \\
&= \$5,157,974
\end{aligned}$$

B. Calculation of the *Midstream Payment* due to the *State* from the *Midstream Entity* that owns *Gas Transmission Pipeline B* for *Calendar Year X*:

Midstream Payment = *Volume* through *Gas Transmission Pipeline B* × *Midstream Payment* rate applicable to *Calendar Year 2005* for *Gas Transmission Pipeline B* × (*CPI* for *Calendar Year X* / *CPI* for *Calendar Year 2005*) × *Length of Gas Transmission Pipeline B*.

$$\begin{aligned}
&= 90,000,000 \text{ MCF} \times \$0.0003/\text{MCF per mile} \times (250.0 / 190.3) \times \\
&\quad 12.0 \text{ miles} \\
&= \$425,644
\end{aligned}$$

IV. Calculation of the *Midstream Payment* due to the *State* from the *GTP Entity* for *Calendar Year X*:

A. *Midstream Payment* = *Quantity* delivered into the *Mainline* from the *GTP* × *Midstream Payment* rate applicable to 2005 for the *GTP* × (*CPI* for *Calendar Year X* / *CPI* for *Calendar Year 2005*)

$$\begin{aligned}
&= 1,555,500,000 \text{ MMBTU} \times \$0.0100/\text{MMBTU} \times (250.0 / 190.3) \\
&= \$20,434,840
\end{aligned}$$

V. Calculation of the *Midstream Payment* due to the *State* from the *Mainline Entity* for *Calendar Year X*:

$$\begin{aligned}
 \text{A. } \text{Midstream Payment} &= \text{Quantity delivered into the Mainline} \times \text{Midstream} \\
 &\text{Payment rate applicable to Calendar Year 2005 for the Mainline} \times (\text{CPI for} \\
 &\text{Calendar Year X} / \text{CPI for Calendar Year 2005}) \\
 &= 1,555,500,000 \text{ MMBTU} \times \$0.024/\text{MMBTU} \times (250.0 / 190.3) \\
 &= \$49,043,615
 \end{aligned}$$

F.12 Article 17 – Payment in Lieu of Oil Pipeline Ad Valorem Taxes. The following is an example calculation for determination of the annual *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* due to the State in Calendar Year X for the *Oil Pipeline Ownership Interest* of a *Producer's Affiliate* in an *Oil Pipeline* as provided under Article 17.

Assumptions:

- (1) *Oil Pipeline Ownership Interest* of *Producer A's Affiliate* in *Oil Pipeline A* = 25%
- (2) Assume *Oil Pipeline A* is TAPS.
- (3) Total *Barrels of Unrefined Oil* tendered to *Oil Pipeline A*:
 - (a) *Calendar Year X-3*: 73,000,000 *Barrels*;
 - (b) *Calendar Year X-2*: 71,000,000 *Barrels*; and
 - (c) *Calendar Year X-1*: 66,000,000 *Barrels*.
- (4) *Oil Pipeline A* rate for *Calendar Year 2005*: \$0.1749 per *Barrel*
- (5) *CPI* for *Calendar Year 2005* = 190.3
- (6) *CPI* for December of *Calendar Year X-1* = *CPI* for *Calendar Year X* = 250.0

Required:

- I. Determine the *Barrels of Unrefined Oil* to be used in the calculation of the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* in *Calendar Year X* for *Oil Pipeline A*.
- II. Determine the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* due to the *State* for *Calendar Year X* from *Producer A's Affiliate* for *Oil Pipeline A*.

Solution:

- I. Calculation of the *Barrels of Unrefined Oil* to be used in the calculation of the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* in *Calendar Year X* for *Oil Pipeline A*:

$$\begin{aligned}
 \text{Barrels for Payment in Lieu of Oil Pipeline Ad Valorem Taxes} &= [(\text{Calendar Year X-3 Barrels} + \text{Calendar Year X-2 Barrels} + \text{Calendar Year X-1 Barrels})] / 3 \\
 &= [(73,000,000 + 71,000,000 + 66,000,000) \text{ Barrels} / 3] \\
 &= 70,000,000 \text{ Barrels}
 \end{aligned}$$

- II. Calculation of the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* due to the *State* for *Calendar Year X* from *Producer A's Affiliate* for *Oil Pipeline A*:

$$\begin{aligned}
 \text{Payment in Lieu of Oil Pipeline Ad Valorem Taxes} &= \text{Barrels for Payment in Lieu of Oil Pipeline Ad Valorem Taxes} \times \text{Oil Pipeline A rate for Calendar Year 2005} \\
 &\times (\text{CPI for Calendar Year X} / \text{CPI for Calendar Year 2005}) \\
 &= 70,000,000 \text{ Barrels} \times \$0.1749/\text{Barrel} \times (250.0 / 190.3) \times 0.25 \\
 &= \$4,020,954
 \end{aligned}$$

F.13 Article 19 – Payment in Lieu of State Corporate Income Tax. The following is an example calculation for determination of a *Participant's Payment in Lieu of SCIT* from Article 19.

$$SCIT = AKUIT \times \frac{1}{3} \left(\frac{V_{AKOil} + V_{AKGas}}{V_{Other} + V_{AKOil} + V_{AKGas}} + \frac{S_{AKOther} + S_{AKGas} + S_{AKMidstr} - S_{TBG} - S_{UCA} - S_{FCA}}{S_{Other} + S_{AKOther} + S_{AKGas} + S_{AKMidstr}} + \frac{P_{AKExisting} + P_{AKNewUpstr} + P_{AKMidstr}}{P_{Other} + P_{AKExisting} + P_{AKNewUpstr} + P_{AKMidstr}} \right) \times (WWI)$$

Where:

SCIT is the *Payment in Lieu of State Corporate Income Tax*;

AKUIT is the *Alaska* unitary income tax rate;

V_{AKOil} , V_{AKGas} and V_{Other} are the volumes of *Alaska* oil production, *Alaska Gas* production, and all other production worldwide, respectively;

S_{AKGas} is sales of *Gas* in *Alaska*;

$S_{AKMidstr}$ is the midstream tariffs;

$S_{AKOther}$ is all other sales in *Alaska*;

S_{Other} is all other sales worldwide;

S_{TBG} is the *Tax Bearing Gas Payment* under Article 13;

S_{UCA} is the upstream cost allowance (*UCA*) payment under Article 20;

S_{FCA} is the field cost allowance payment under some lease agreements;

$P_{AKExisting}$ is the existing property in *Alaska*;

$P_{AKNewUpstr}$ is the new upstream *Gas* property in *Alaska*;

$P_{AKMidstr}$ is the new midstream property;

P_{Other} is all other property worldwide; and

WWI is all net income worldwide.

Assumptions:

- (1) $AKUIT$: 9.4%
- (2) V_{AKOil} for *Participant A* = 40 million *Barrels* of oil equivalent
- (3) V_{AKGas} for *Participant A* = 50 million *Barrels* of oil equivalent
- (4) V_{Other} for *Participant A* = 35 million *Barrels* of oil equivalent
- (5) S_{AKGas} for *Participant A* = \$90 million
- (6) $S_{AKMidstr}$ for *Participant A* = \$15 million
- (7) $S_{AKOther}$ for *Participant A* = \$250 million
- (8) S_{Other} for *Participant A* = \$75 million
- (9) S_{TBG} for *Participant A* = \$33 million
- (10) S_{UCA} for *Participant A* = \$11 million
- (10) S_{FCA} for *Participant A* = \$5 million
- (12) $P_{AKExisting}$ for *Participant A* = \$1,000 million
- (13) $P_{AKNewUpstr}$ for *Participant A* = \$500 million
- (14) $P_{AKMidstr}$ for *Participant A* = \$1,750 million
- (15) P_{Other} for *Participant A* = \$500 million
- (16) WWI for *Participant A* = \$2,000 million

Required:

Determine the *Payment in Lieu of SCIT* obligation for *Participant A*.

Solution:

Calculation of the *Payment in Lieu of SCIT* obligation for *Participant A*:

$$SCIT = 9.40\% \times \frac{1}{3} \left\{ \left(\frac{40,000,000 + 50,000,000}{35,000,000 + 40,000,000 + 50,000,000} \right) + \right.$$

$$\left(\frac{\$250,000,000 + \$90,000,000 + \$15,000,000 - \$33,000,000 - \$11,000,000 - \$5,000,000}{\$75,000,000 + \$250,000,000 + \$90,000,000 + \$15,000,000} \right) +$$

$$\left(\frac{\$1,000,000,000 + \$500,000,000 + \$1,750,000,000}{\$500,000,000 + \$1,000,000,000 + \$500,000,000 + \$1,750,000,000} \right) \} \times (\$2,000,000,000)$$

$$SCIT = 9.40\% \times \frac{1}{3} (2.2982946) \times (\$2,000,000,000)$$

$$SCIT = \$144,026,460$$

F.14 Article 20 - Upstream Cost Allowance (UCA). The following is an example calculation for determination of the monthly *UCA* payment due from the *State* to each *Producer* as provided under Article 20.

Assumptions:

- (1) *UCA* rate applicable to *Calendar Year* 2005: \$0.2240/*MCF*
- (2) *Royalty Bearing Gas Volume* from *Property A* delivered to *Delivery Point A* for *Calendar Month X* during *Calendar Year X*: 30,000,000 *MCF* (assume all *Gas* from *Property A* is *Royalty Bearing Gas*)
- (3) *State's Royalty* percentage for *Property A*: 12.50%
- (4) *State's Tax Bearing Gas* percentage under Article 13.5: 7.25%
- (5) *Producer A's* share of *Royalty Bearing Gas* delivered to *Delivery Point A*: 10,000,000 *MCF*
- (6) *CPI* for *Calendar Year* 2005 = 190.3
- (7) *CPI* for *Calendar Year X* = *CPI* for December of *Calendar Year X-1* = 250.0

Required:

- I. Determine the total *Volume* of *Royalty Gas* and *Tax Gas* for use in calculating the *UCA* payment due from the *State* for *Property A* during *Calendar Month X* during *Calendar Year X*.
- II. Determine the *UCA* due from the *State* to all *Producers* for *Property A* for *Calendar Month X* during *Calendar Year X*.
- III. Determine the *UCA* due to *Producer A* from the *State* for *Property A* for *Calendar Month X* during *Calendar Year X*.

Solution:

- I. Calculation of the total *Volume* of *Royalty Gas* and *Tax Gas* for use in calculating the *UCA* payment due from the *State* for *Property A* during *Calendar Month X*, during *Calendar Year X*.

(A) Total *Volume* of *Royalty Gas* = *Property A Royalty Bearing Gas* × *State's Royalty percentage for Property A*

$$= 30,000,000 \text{ MCF} \times 0.1250$$

$$= 3,750,000 \text{ MCF}$$

(B) Total *Volume* of *Tax Gas* = See calculation and result in Exhibit F.7

$$= 1,903,125 \text{ MCF}$$

(C) Total *Royalty Gas and Tax Gas Volume* for *UCA* calculation = *Volume of Royalty Gas* + *Volume of Tax Gas*

$$= 3,750,000 + 1,903,125$$

$$= 5,653,125 \text{ MCF}$$

- II. Calculation of the *UCA* payment due from the *State* to all *Producers* for *Property A* for *Calendar Month X* during *Calendar Year X*.

UCA payment = (total Royalty Gas and Tax Gas Volume for UCA) × UCA rate applicable to Calendar Year 2005 × (CPI for Calendar Year X / CPI for Calendar Year 2005)

$$= 5,653,125 \text{ MCF} \times \$0.2240/\text{MCF} \times (250.0 / 190.3)$$

$$= \$1,663,558$$

III. Calculation of the *UCA* payment due to *Producer A* from the *State* for *Property A* for *Calendar Month X* during *Calendar Year X*:

Producer A's share of UCA payment = UCA payment × Producer A's Volume of Royalty Bearing Gas / Volume of Royalty Bearing Gas delivered to Delivery Point A from Property A

$$= \$1,663,558 \times 10,000,000 \text{ MCF} / 30,000,000 \text{ MCF}$$

$$= \$554,519$$

F.15 Article 21 and Exhibit G – Payments to Political Subdivisions. The following is an example calculation for the determination of payments to be made to *Political Subdivisions* under Article 21 and Exhibit G.

Assumptions:

For *Political Subdivision A*:

Upstream Oil Production Ratio for Property A for Calendar Year X: 80%

Upstream Gas Production Ratio for Property A for Calendar Year X: 90%

Political Subdivision Ratio for the Mainline for Calendar Year X: 62%

Political Subdivision Ratio for an Oil Pipeline for Calendar Year X: 75%

For *Political Subdivision B*:

Upstream Oil Production Ratio for Property A for Calendar Year X: 15%

Upstream Gas Production Ratio for Property A for Calendar Year X : 10%

Political Subdivision Ratio for the Mainline for Calendar Year X: 20%

Political Subdivision Ratio for an Oil Pipeline for Calendar Year X: 0%

For *Political Subdivision C*:

Upstream Oil Production Ratio for Property A for Calendar Year X: 5%

Upstream Gas Production Ratio for Property A for Calendar Year X: 0%

Political Subdivision Ratio for the Mainline for Calendar Year X: 18%

Political Subdivision Ratio for an Oil Pipeline for Calendar Year X: 25%

Required:

- I. Determine *Producer A's* distribution of its *Upstream Facilities Oil Payment* for *Property A* for *Calendar Year X* to each *Political Subdivision* consistent with its payment obligation under Exhibit F.9.
- II. Determine *Producer A's* distribution of its *Upstream Facilities Gas Payment* for *Property A* for *Calendar Year X* to each *Political Subdivision* consistent with its payment obligation under Exhibit F.10.
- III. Determine the *Mainline Entity's* distribution of its *Midstream Payment* for *Calendar Year X* to each *Political Subdivision* consistent with its payment obligation under Exhibit F.11.
- IV. Determine *Producer A's Affiliate* distribution of its *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* for *Calendar Year X* to each *Political Subdivision* consistent with its payment obligation under Exhibit F.12.

Solution:

I. Calculation of *Producer A's Upstream Facilities Oil Payment* for *Property A* for *Calendar Year X* to be made payable to (A) *Political Subdivision A*, (B) *Political Subdivision B*, and (C) *Political Subdivision C* .

(A) Payment of *Producer A's Upstream Facilities Oil Payment* for *Property A* to *Political Subdivision A* for *Calendar Year X* = *Upstream Facilities Oil Payment* (see Exhibit F.9) \times (*Upstream Oil Production Ratio* for *Property A* for *Political Subdivision A*)

$$= \$17,874,000 \times 0.8000$$

$$= \$14,299,200$$

(B) Payment of *Producer A's Upstream Facilities Oil Payment* for *Property A* to *Political Subdivision B* for *Calendar Year X* = *Upstream Facilities Oil Payment* (see Exhibit F.9) \times (*Upstream Oil Production Ratio* for *Property A* for *Political Subdivision B*)

$$= \$17,874,000 \times 0.1500$$

$$= \$2,681,100$$

(C) Payment of *Producer A's Upstream Facilities Oil Payment* for *Property A* to *Political Subdivision C* for *Calendar Year X* = *Upstream Facilities Oil Payment* (see Exhibit F.9) \times (*Upstream Oil Production Ratio* for *Property A* for *Political Subdivision C*)

$$= \$17,874,000 \times 0.0500$$

$$= \$893,700$$

II. Calculation of *Producer A's Upstream Facilities Gas Payment* for *Property A* for *Calendar Year X* to be made payable to (A) *Political Subdivision A*, (B) *Political Subdivision B*, and (C) *Political Subdivision C* .

(A) Payment of *Producer A's Upstream Facilities Gas Payment* for *Property A* to *Political Subdivision A* for *Calendar Year X* = *Upstream Facilities Gas Payment* (see Exhibit F.10) \times (*Upstream Gas Production Ratio* for *Property A* for *Political Subdivision A*)

$$= \$2,709,000 \times 0.9000$$

$$= \$2,438,100$$

(B) Payment of *Producer A's Upstream Facilities Gas Payment* for *Property A* to *Political Subdivision B* for *Calendar Year X* = *Upstream Facilities Gas Payment* (see Exhibit F.10) \times (*Upstream Gas Production Ratio* for *Property A* for *Political Subdivision B*)

$$= \$2,709,000 \times 0.1000$$

$$= \$270,900$$

(C) Payment of *Upstream Facilities Gas Payment* for *Property A* to *Political Subdivision C* for *Calendar Year X* = *Upstream Facilities Gas Payment* (see Exhibit F.10) \times (*Upstream Gas Production Ratio* for *Property A* for *Political Subdivision C*)

$$= \$2,709,000 \times 0.0000$$

$$= \$0$$

III. Calculation of the *Mainline Entity's Midstream Payment* for *Calendar Year X* to be made payable to (A) *Political Subdivision A*, (B) *Political Subdivision B*, and (C) *Political Subdivision C*.

(A) Payment of *Mainline Midstream Payment* to *Political Subdivision A* for *Calendar Year X* = *Mainline Midstream Payment* (see Exhibit F.11) \times (*Political Subdivision Ratio* for *Political Subdivision A*)

$$= \$49,043,615 \times 0.6200$$

$$= \$30,407,041$$

(B) Payment of *Mainline Midstream Payment* to *Political Subdivision B* for *Calendar Year X* = *Mainline Midstream Payment* (see Exhibit F.11) \times (*Political Subdivision Ratio* for *Political Subdivision B*)

$$= \$49,043,615 \times 0.2000$$

$$= \$9,808,723$$

(C) Payment of *Mainline Midstream Payment* to *Political Subdivision C* for *Calendar Year X* = *Mainline Midstream Payment* (see Exhibit F.11) \times (*Political Subdivision Ratio* for *Political Subdivision C*)

$$= \$49,043,615 \times 0.1800$$

$$= \$8,827,851$$

IV. Calculation of *Producer A's Affiliate Payment in Lieu of Oil Pipeline Ad Valorem Taxes* for *Calendar Year X* to be made payable to (A) *Political Subdivision A*, (B) *Political Subdivision B*, and (C) *Political Subdivision C*.

(A) Payment of *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* to *Political Subdivision A* for *Calendar Year X* = *Payment in Lieu of Oil Pipeline Ad*

Valorem Taxes (see Exhibit F.12) \times (*Political Subdivision Ratio* for *Political Subdivision A*)

$$= \$4,020,954 \times 0.7500$$

$$= \$3,015,715$$

(B) Payment of *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* to *Political Subdivision B* for *Calendar Year X* = *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* (see Exhibit F.12) \times (*Political Subdivision Ratio* for *Political Subdivision B*)

$$= \$4,020,954 \times 0.0000$$

$$= \$0$$

(C) Payment of *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* to *Political Subdivision C* for *Calendar Year X* = *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* (see Exhibit F.12) \times (*Political Subdivision Ratio* for *Political Subdivision C*)

$$= \$4,020,954 \times 0.2500$$

$$= \$1,005,239$$

F.16 Article 22.1 – Determination of Gas Recoupment Volume. The following is an example calculation for determination of *Gas Recoupment Volume* by *Producer A*, as provided under Article 22.1(f).

Assumptions:

NOTE: The determination of the *Total Transport Fee* is highly dependent on the configuration and tariff of each *Midstream Element* and the *Non-Alaska Project*. Fuel

and shrinkage, as well as the basis for rates, must be considered when calculating the *Total Transport Fee*.

- (1) *Gas Recoupment Volume* will be obtained from *Property A*.
- (2) *Amount Due* to be recouped: \$50,000
- (3) *AECO Price* for prior *Calendar Month* (AECO): \$3.50/MMBTU
- (4) *Producer A* does not receive an assignment of any part of a *State Gas* sales contract and acquires *Capacity* from the *State*.
- (5) *GTP* rates are based on inlet *MCF* of *Gas*
- (6) *Mainline* rates are based on inlet *MMBTU* of *Gas*
- (7) *Alaska to Alberta Project* rates are based on inlet *MMBTU* of *Gas*
- (8) All fuel and shrinkage is provided in kind by the *Shippers*
- (9) *Property A* does not have a *Gas Transmission Pipeline* to the *GTP*
- (10) *Gas Transmission Pipeline* fuel (F_t): 0.00%
- (11) *GTP* fuel and shrinkage (F_p): 15.00%
- (12) *Mainline* fuel (F_a): 2.00%
- (13) *Alaska to Alberta Project* fuel (F_c): 2.50%
- (14) *State Capacity Holder's Effective Rate* for *Gas Transmission Pipeline* (R_t): N/A
- (15) *State Capacity Holder's Effective Rate* for *GTP* (R_p): \$0.45/MCF
- (16) *State Capacity Holder's Effective Rate* for *Mainline* (R_a): \$0.50/MMBTU
- (17) *State Capacity Holder's Effective Rate Alaska to Alberta Project* rate (R_c):
\$0.60/MMBTU
- (18) *Heating Value* of *Gas* at *Delivery Point A*: 1.110 MMBTU/MCF

Required:

- I. Determine the factor for adjusting the *Volume* transported from *Property A* to the *Alberta Hub* for fuel and other losses incurred (“VAF”).

$$VAF = [(1 - F_t) \times (1 - F_p) \times (1 - F_a) \times (1 - F_c)]$$

- II. Determine the *TTF* for *Gas* originating from *Property A* for *Calendar Month X*, where:

$$TTF = R_t / \text{Heating Value at Delivery Point A} + [R_p \times (1 - F_t)] / \text{Heating Value at Delivery Point A} + [R_a \times (1 - F_t) \times (1 - F_p)] + [R_c \times (1 - F_t) \times (1 - F_p) \times (1 - F_a)]$$

- III. Determine the *Quantity* delivered to the *Alberta Hub* (*ADQ*) for *Gas* originating from *Property A* for *Calendar Month X*, where *ADQ* means:

$$ADQ = \text{Amount Due} / [\text{AECO Price} - (TTF / VAF)]$$

- IV. Determine the *Gas Recoupment Volume* at *Delivery Point A* for *Gas* originating from *Property A* for *Calendar Month X*, where *Gas Recoupment Volume* means:

$$\text{Gas Recoupment Volume} = (ADQ / VAF) / \text{Heating Value}$$

Solution:

- I. Calculation of *VAF* factor for adjusting the *Volume* transported from *Property A* to the *Alberta Hub* for fuel and other losses incurred:

$$\begin{aligned} VAF &= [(1 - F_t) \times (1 - F_p) \times (1 - F_a) \times (1 - F_c)] \\ &= [(1 - 0.00) \times (1 - 0.15) \times (1 - 0.02) \times (1 - 0.025)] \\ &= 0.8121750 \end{aligned}$$

- II. Calculation of *TTF* for *Gas* originating from *Property A* for *Calendar Month X*:

$$\begin{aligned}
TTF &= R_t / \text{Heating Value at Delivery Point A MMBTU/MCF} + [R_p \times (1 - F_t)] / \\
&\text{Heating Value at Delivery Point A MMBTU/MCF} + [R_a \times (1 - F_t) \times (1 - F_p)] + \\
&[R_c \times (1 - F_t) \times (1 - F_p) \times (1 - F_a)] \\
&= \$0.00/\text{MCF} / 1.110 \text{ MMBTU/MCF} + [\$0.45/\text{MCF} \times (1 - 0.00)] / \\
&1.110 \text{ MMBTU/MCF} + [\$0.50/\text{MMBTU} \times (1 - 0.00) \times (1 - 0.150)] + \\
&[\$0.60/\text{MMBTU} \times (1 - 0.00) \times (1 - 0.150) \times (1 - 0.020)] \\
&= \$1.3302/\text{MMBTU}
\end{aligned}$$

III. Calculation of the *Quantity* delivered to the *Alberta Hub (ADQ)* for *Gas* originating from *Property A* for *Calendar Month X*:

$$\begin{aligned}
ADQ &= \text{Amount Due} / [\text{AECO Price} - (TTF / VAF)] \\
&= \$50,000 / [\$3.50/\text{MMBTU} - (\$1.3302/\text{MMBTU} / 0.8121750)] \\
&= 26,850 \text{ MMBTU}
\end{aligned}$$

IV. Calculation of the *Gas Recoupment Volume* at *Delivery Point A* for *Gas* originating from *Property A* for *Calendar Month X*:

$$\begin{aligned}
\text{Gas Recoupment Volume} &= (ADQ / VAF) / \text{Heating Value at Delivery Point A} \\
&= (26,850 \text{ MMBTU} / 0.8121750) / 1.110 \text{ MMBTU/MCF} \\
&= 29,784 \text{ MCF}
\end{aligned}$$

F.17 Article 36 – Annual Inflation Adjustment (Rates in Articles 11, 16 and 20). The following is an example calculation for determination of the annual inflation adjustment that is to be applied to the *Midstream Payment* rates in Article 16.1 and as based on the methodology described in Article 36.1(a). The determination of the inflation adjustment that is to be applied to the *Fiscal Stability Cap* under Article 11 and the *UCA* under Article 20 is similar.

Assumptions:

(1) *CPI for Calendar Year 2005: 190.3*

(2) *CPI for Calendar Year X: 180.0*

NOTE: The *CPI for Calendar Year X* is the *CPI for December of Calendar Year X-1*.

(3) *CPI for Calendar Year Y: 245.0*

NOTE: The *CPI for Calendar Year Y* is the *CPI for December of Calendar Year Y-1*.

(4) *Midstream Payment rate for the Mainline for Calendar Year 2005: \$0.0240/MMBTU*

Required:

Determine the *Midstream Payment rate for the Mainline* for:

(I) *Calendar Year X; and*

(II) *Calendar Year Y.*

Solution:

(I) Calculation of the *Midstream Payment rate for the Mainline for Calendar Year X*:
Midstream Payment rate for Calendar Year X = Midstream Payment rate for the Mainline for Calendar Year 2005 × (CPI for Calendar Year X / CPI for Calendar Year 2005)

$$= \$0.0240/MMBTU \times (180.0 / 190.3)$$

$$= \$0.0227/MMBTU$$

(II) Calculation of the *Midstream Payment rate for the Mainline for Calendar Year Y*

Midstream Payment rate for Calendar Year Y = Midstream Payment rate for the Mainline for Calendar Year 2005 × (CPI for Calendar Year Y / CPI for Calendar Year 2005)

$$= \$0.0240/MMBTU \times (245.0 / 190.3)$$

$$= \$0.0309/MMBTU$$

F.18 Article 36 – Annual Inflation Adjustment (Upstream Facilities Payments). The following is an example calculation for determining the annual inflation adjustment that is to be applied to the rates in Articles 15.1 and 15.2 and based on the method described in Articles 36.1(b) and 36.1(c)

Assumptions:

- (1) *CPI for Calendar Year 2005 (CPI₂₀₀₅): 190.3*
- (2) *CPI for Calendar Year 2006 (CPI₂₀₀₆): 196.8*
- (3) *CPI for Calendar Year X (CPI_X): 245.0*
- (4) *Upstream Facilities Gas Payment rate for 2005: \$0.0210 per MCF*
- (5) *Upstream Facilities Oil Payment rate for 2006: \$0.4960 per Barrel*

Required:

Determine the following:

- (I) *Upstream Facilities Gas Payment rate for Calendar Year X; and*
- (II) *Upstream Facilities Oil Payment rate for Calendar Year X.*

Solution:

- (I) Calculation of the *Upstream Facilities Gas Payment rate for Calendar Year X:*

Upstream Facilities Gas Payment rate for Calendar Year X = Upstream Facilities Gas

$$\begin{aligned}
 & \text{Payment rate for Calendar Year 2005} \times \left(\left(\left(\frac{\text{CPI}_X}{\text{CPI}_{2005}} - 1 \right) \times 0.80 \right) + 1 \right) \\
 &= \$0.0210/\text{MCF} \times \left(\left(\left(\frac{245.0}{190.3} - 1 \right) \times 0.80 \right) + 1 \right) \\
 &= \$0.0258/\text{MCF}
 \end{aligned}$$

(II) Calculation of the *Upstream Facilities Oil Payment rate for Calendar Year X*:

Upstream Facilities Oil Payment rate for Calendar Year X = Upstream Facilities

$$\begin{aligned}
 & \text{Oil Payment rate for Calendar Year 2006} \times \left(\left(\left(\frac{\text{CPI}_X}{\text{CPI}_{2006}} - 1 \right) \times 0.70 \right) + 1 \right) \\
 &= \$0.4960/\text{Barrel} \times \left(\left(\left(\frac{245.0}{196.8} - 1 \right) \times 0.70 \right) + 1 \right) \\
 &= \$0.5810/\text{Barrel}
 \end{aligned}$$

F.19 Article 36 – Annual Inflation Adjustment (Impact Payments). The following is an example calculation for determining the annual inflation adjustment that is to be applied to the rates in Article 18 and based on the method described in Article 36.1(d).

Assumptions:

- (1) The *Effective Date* for the *Contract* is September 30, 2006
- (2) *CPI* for *Calendar Year* 2015 (nine years from end of *Calendar Year* in which the *Effective Date* occurs): 205.0

Note: The *CPI* for *Calendar Year* 2015 is the *CPI* for December of *Calendar Year* 2014.

- (3) *CPI* for *Calendar Year* 2016: 210.0

(4) The sixth *Impact Payment* is due in 2016, ten years after the *Effective Date*

Required:

Determine the amount of the sixth *Impact Payment* that is payable.

Solution:

Calculation of Sixth *Impact Payment* due 10 years after the *Effective Date*:

$$\text{Impact Payment} = \text{Sixth Impact Payment} \times (\text{CPI for Calendar Year 2016} / \text{CPI for Calendar Year 2015})$$

$$= \$18,100,000.00 \times (210.0/205.0)$$

$$= \$18,541,463$$

EXHIBIT G

AMOUNTS PAYABLE TO POLITICAL SUBDIVISIONS AND STATE

G.1 Amounts Payable to Political Subdivisions and State. A *Participant* shall make a portion of its payments due the *State* under Articles 15, 16 and 17 payable to a *Political Subdivision*, with the remaining portion payable to the *State*, as provided in this Exhibit G.

G.2 Notice to State. Before March 1 of each *Calendar Year* the following information must be provided to the *State*:

- (a) each *Project Entity* owning a *Gas Transmission Pipeline* shall provide each *Segment Length* for that *Gas Transmission Pipeline* in each *Political Subdivision* existing on December 31 of the prior *Calendar Year*;
- (b) the *Mainline Entity* shall provide the miles of the *Mainline* in each *Political Subdivision* existing on December 31 of the prior *Calendar Year*; and
- (c) each *Participant* having an *Oil Pipeline Ownership Interest* shall provide the mileage of pipeline for that *Oil Pipeline* in each *Political Subdivision* existing on December 31 of the prior *Calendar Year*.

G.3 Notification of Ratios. Before May 1 of each *Calendar Year*, the *State* shall determine and provide *Notice*:

- (a) to each *Producer* of all:
 - (i) *Upstream Oil Production Ratios*; and

- (ii) *Upstream Gas Production Ratios*;

applicable for each *Property* owned by that *Producer*;

- (b) to each *Midstream Entity* owning a pipeline, of all:

- (i) *Political Subdivision Allocations*; and

- (ii) *Political Subdivision Ratios*;

applicable for each *Midstream Element* owned by that entity; and

- (c) to each *Producer* with an *Oil Pipeline Ownership Interest*, of all:

- (i) *Political Subdivision Allocations*; and

- (ii) *Political Subdivision Ratios*;

applicable for each *Oil Pipeline* owned by that *Producer Affiliate*.

G.4 Amounts Payable to Political Subdivisions.

- (a) Upstream Facilities Oil Payment. On or before the last *Business Day* of June of each *Calendar Year*, each *Producer* with an *Upstream Facilities Oil Payment* obligation shall make, or cause to be made, a portion of its obligation due the *State* payable to each *Political Subdivision* in an amount equal to:

- (i) the *Upstream Facilities Oil Payment* for each *Property* as specified in Article 15.1 and Exhibit A.5;

- (ii) multiplied by the *Upstream Oil Production Ratio* for that *Political Subdivision*; and

- (iii) multiplied by the *Mill Rate Ratio* for that *Political Subdivision*;

with any remaining portion payable to the *State*.

- (b) Upstream Facilities Gas Payment. On or before the last *Business Day* of June of

each *Calendar Year*, each *Producer* with an *Upstream Facilities Gas Payment* obligation shall make, or cause to be made, a portion of its obligation due the *State* payable to each *Political Subdivision* in an amount equal to:

- (i) the *Upstream Facilities Gas Payment* for each *Property* as specified in Article 15.2 and Exhibit A.6;
- (ii) multiplied by the *Upstream Gas Production Ratio* for that *Political Subdivision*; and
- (iii) multiplied by the *Mill Rate Ratio* for that *Political Subdivision*;

with any remaining portion payable to the *State*.

(c) Midstream Payments.

(i) For a *Gas Transmission Pipeline*, on or before the last *Business Day* of June of each *Calendar Year*, each *Participant* with a *Midstream Payment* obligation for a *Gas Transmission Pipeline* shall make, or cause to be made, a portion of its obligation due the *State* payable to each *Political Subdivision* in an amount equal to:

- (A) the *Midstream Payment* for each *Gas Transmission Pipeline* specified in Article 16.1(c) and Exhibit A.7;
- (B) multiplied by the *Political Subdivision Ratio* for that *Political Subdivision*;

with any remaining portion payable to the *State*.

(ii) For the *Mainline*, on or before the last *Business Day* of June of each *Calendar Year*, each *Participant* with a *Midstream Payment* obligation for the *Mainline* shall make, or cause to be made, a portion of its obligation due the *State*

payable to each *Political Subdivision* in an amount equal to:

- (A) the *Midstream Payment* for the *Mainline* specified in Article 16.1(a) and Exhibit A.7;
- (B) multiplied by the *Political Subdivision Ratio* for that *Political Subdivision*; and
- (C) multiplied by the *Proration Factor*;

with any remaining portion payable to the *State*. The total amount payable to all *Political Subdivisions* and the *State* under Exhibit G.4(c)(ii) must equal the total amount calculated in Article 16.1(a).

(iii) For the *GTP*, on or before the last *Business Day* of June of each *Calendar Year*, each *Participant* with a *Midstream Payment* obligation for the *GTP* shall make, or cause to be made, a portion of its obligation due the *State* payable to each *Political Subdivision* in an amount calculated as follows:

- (A) the *Midstream Payment* specified in 16.1(b) and Exhibit A.7;
- (B) multiplied by the *Mill Rate Ratio* for the *Political Subdivision* in which the *GTP* is located;

with any remaining portion payable to the *State*.

(iv) For a new *Midstream Element* under Article 16.6, on or before the last *Business Day* of June of each *Calendar Year*, each *Participant* with a *Midstream Payment* obligation for a new *Midstream Element* shall make, or cause to be made, a portion of its obligation due the *State* payable to each *Political Subdivision* in an amount equal to:

- (A) the *Midstream Payment* for each *Midstream Element* specified in

Article 16.6;

(B) multiplied by the *Mill Rate Ratio* for the *Political Subdivision* in which the *Midstream Element* is located;

with any remaining portion payable to the *State*.

(d) Payments in Lieu of Oil Pipeline Ad Valorem Taxes. On or before the last *Business Day* of June of each *Calendar Year*, each *Participant* with a *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* obligation shall make, or cause to be made, a portion of its obligation due the *State* payable to each *Political Subdivision* in an amount equal to the *Payment in Lieu of Oil Pipeline Ad Valorem Taxes* for each *Oil Pipeline* specified in Article 17 and Exhibit A.8, multiplied by the *Political Subdivision Ratio* for that *Political Subdivision*, with any remaining portion payable to the *State*.

G.5 Example Calculation. An example calculation for the amounts payable to *Political Subdivisions* is shown in Exhibit F.

EXHIBIT P

METHOD TO DETERMINE THE PPT PILT PAYMENT

Exhibit P is the placeholder for potential provisions that would convert the PPT to a contractual payment in lieu of tax.

ATTACHMENT 1

UNIFORM UPSTREAM FISCAL CONTRACT ACT

An Act establishing a method for providing fiscal certainty for certain North Slope oil and gas leases not covered by the Alaska Stranded Gas Fiscal Contract; authorizing the commissioner of revenue to develop a form of uniform upstream fiscal contract; providing certain requirements for a uniform upstream fiscal contract; providing authority to execute uniform upstream fiscal contracts; and providing for an effective date.

***Section 1.** AS 43.82.is amended by adding a new section to read:

Sec. 43.82.437. New leases and parties to stranded gas fiscal agreement. (a) If the commissioner develops a contract under AS 43.82.200, the commissioner, after consulting the commissioner of natural resources, shall develop a uniform upstream fiscal contract. The contract shall be set out in regulations adopted by the commissioner of revenue with the concurrence of the commissioner of natural resources.

(b) The uniform upstream fiscal contract must apply to an interest in an oil and gas lease located in the state north of 68 degrees North Latitude other than an interest covered by the Alaska Stranded Gas Fiscal Contract.

(c) Except as provided in (h) of this section, the commissioners of revenue and natural resources shall jointly execute a uniform upstream fiscal contract with any qualified upstream interest owner.

(d) A uniform upstream fiscal contract developed under (a) of this section may not be effective unless the Alaska Stranded Gas Fiscal Contract is in effect and must:

- (1) be between a single qualified upstream interest owner and the *State*;
- (2) be effective when signed by the qualified upstream interest owner and the commissioners of natural resources and revenue;
- (3) terminate automatically if the Alaska Stranded Gas Fiscal Contract terminates for any cause;
- (4) provide that the qualified upstream interest owner may make interests in oil and gas leases subject to the uniform upstream fiscal contract, subject to:
 - (i) work commitment requirements requiring diligent exploration for or development of gas for delivery to the *Project*;
 - (ii) the execution of a letter of intent from the person, an affiliate of that person, or a prospective purchaser of gas from that person, to make a firm commitment for transportation on the *Project* of a minimum volume of gas that is discovered or yet to be discovered from the oil and gas lease interests committed to the uniform upstream fiscal contract for a minimum term, as specified by the commissioner of revenue with the concurrence of the commissioner of natural resources;
 - (iii) termination if the work commitment is not diligently performed or the firm transportation commitment is not maintained or kept;
- (5) include an option for the state to acquire a percentage interest in a gas transmission line that transports gas covered by the uniform upstream fiscal contract to the *Project*, if the qualified upstream interest owner also holds or acquires an interest in the gas transmission line,

at a percentage equal to the state's estimated share of gas to be produced from the qualified upstream interest owner's oil and gas lease interests covered by the contract;

(6) include provisions related to a gas transmission lines that are substantially similar to Article 6 (Alaska hire and content) of the Alaska Stranded Gas Fiscal Contract;

(7) include provisions identical in substance, but modified as necessary to properly identify the parties, to the following articles of the Alaska Stranded Gas Fiscal Contract:

- (A) Article 10 (capacity management);
- (B) Article 12 (royalty in kind);
- (C) Article 13 (tax bearing gas payment);
- (D) Article 14 (payments in lieu of production taxes);
- (E) Article 15 (oil facilities payment);
- (F) Article 15 (gas facilities payment);
- (G) Article 17 (oil pipeline ad valorem tax);
- (H) Article 19 (payment in lieu of state income tax);
- (I) Article 20 (upstream cost allowance);
- (J) Article 21 (payments to political subdivisions);
- (K) Article 25 (audit);
- (L) Article 26 (mandatory dispute resolution);
- (M) Article 29 (confidentiality);
- (N) Article 32 (no joint marketing);
- (O) Article 33 (no third party beneficiaries);
- (P) Article 34 (no agency);
- (Q) Article 35 (force majeure);

- (R) Article 36 (inflation adjustment and interest);
- (S) Article 37 (liability and limitation on damages);
- (T) Article 38 (interpretation provisions);
- (U) Article 39 (parts of the contract);
- (V) Article 40 (representations and warranties); and
- (W) Article 41 (relationship to law and other agreements);

(8) include provisions substantially similar to the following articles of the Alaska Stranded Gas Fiscal Contract:

- (A) Article 23 (new field development), of the Alaska Stranded Gas Fiscal Contract, if the contract covers an interest in leases in the Point Thomson Unit; and
- (B) Article 28 (administrative termination), except that these provisions must apply only during the first two years of a work commitment; and
- (C) Article 30 (contract administration and notice);
- (D) Article 16 (midstream payment), only to the extent applicable to a gas transmission pipeline;
- (E) Article 22 (total fiscal obligations) only to the extent applicable; and
- (F) Article 11 (fiscal stability) only to the extent applicable.

(9) include exhibits identical in substance, but modified as necessary to properly identify the parties, to exhibits A - G of the Alaska Stranded Gas Fiscal Contract.

(f) The commissioner shall monitor firm transportation commitments on, and natural gas deliveries to, a qualified project under an Alaska Stranded Gas Fiscal Contract, and, after consulting the commissioner of natural resources, estimate the amount of natural gas that is

reasonably available for delivery to the project, for the purpose of making findings that establish the day on which both:

(1) the cumulative total amount of firm transportation commitments for past, present and future transportation services on the project is sufficient to support the shipment of at least 70,000,000,000,000 cubic feet of natural gas; and

(2) the cumulative total volume of natural gas that has been delivered or is reasonably estimated to become available for delivery to the project is equal to or greater than 70,000,000,000,000 cubic feet of natural gas.

(g) The commissioner shall make the findings under (f) of this section after reasonable public notice and an opportunity for the public to be heard.

(h) The authority and obligation of the commissioners of revenue and natural resources to jointly execute a uniform upstream fiscal under (c) of this section expires on the day identified in the commissioner's findings under (f) of this section.

***Sec. 2.** AS 43.82.900 is amended by adding new subsections to read:

(14) "Alaska Stranded Gas Fiscal Contract" means a contract the execution of which was authorized under AS 43.82.435 by the enactment of ch __ SLA 2006;

(15) "qualified upstream interest owner" means a person who:

(1) owns an interest in an oil and gas lease located in the state north of 68 degrees North Latitude that is not subject to an Alaska Stranded Gas Fiscal Contract; and

(2) provides a letter of intent from the person, an affiliate of that person, or a prospective purchaser of gas from that person, to make a firm

transportation commitment to transport natural gas on the project that is discovered or yet to be discovered.;

(16) “project” means a project determined to be qualified as provided in AS 43.82.100 and for which the Alaska Stranded Gas Fiscal Contract was developed;

(17) “gas transmission line” means a pipeline designed to transport natural gas from an oil and gas lease located in the state north of 68 degrees North Latitude to the *Project*.

***Sec. 3.** Sections 1 and 2 of this Act take effect immediately under AS 01.10.070(c).

ATTACHMENT 2

PROCEDURES FOR REPORTING PAYMENTS IN LIEU OF SCIT

A.2.1 Definitions. As used in this Attachment:

“Combination” or **“Combined Method of Accounting”** means the method of determining the amount of the portion of a *Payment in Lieu of SCIT* is determined with respect to an individual *Participant* or its *Affiliate* having nexus with *Alaska*, using

- (a) one hundred percent (100%) allocation to *Alaska* of nonbusiness net income or loss or nonbusiness capital gain or loss of the *Participant* or *Affiliate* that is allocable to Alaska under the text of AS 43.19.010 (Multistate Tax Compact) as incorporated by reference in Article 19.1(a); or
- (b) apportionment to *Alaska* of a portion, determined under the text of AS 43.20 as incorporated by reference in Article 19.1(a), of
 - (i) the worldwide ordinary net business income or loss, determined under that text of AS 43.20, of the *Participant’s* or *Affiliate’s Unitary Business*;
 - (ii) a portion of worldwide net capital gain or loss, as determined under that text of AS 43.20, of the *Participant’s* or *Affiliate’s Unitary Business*; or
 - (iii) a portion of the worldwide expenditure by the *Participant’s* or *Affiliate’s Unitary Business* giving rise to one or more allowable credits under that text of AS 43.20;

under this method, allocation under (a) of this definition or apportionment under (b) of this definition is done separately as if the *Person* for which the allocation or apportionment is being done were the only *Person* in the *Unitary Business* that has nexus with *Alaska*; also, under this method, intercompany transactions are eliminated under the principles set out in 26 C.F.R. 1.1502-13 but applied on a worldwide basis to all *Persons* in the *Unitary Business*.

“*Consolidation*” or “*Consolidated Reporting*” mean reporting the determination of a *Participant’s Payment in Lieu of SCIT* in a single report by the *Participant* and its *Affiliates* having nexus with *Alaska* that

- (a) file,
- (b) are eligible to file,
- (c) would be eligible to file if the *Participant* meets the criteria under Article 19.2(b)(iv), or
- (d) would, in the absence of the provisions of Sections 1504(b)(3), (b)(4), or (b)(7) or any other section of the Internal Revenue Code that disqualifies certain corporations within the same *Unitary Business* group from being an “includable corporation” for federal income tax consolidation purposes, be eligible to file

a federal consolidated income tax return; the report shows the various nonbusiness or business items allocated or apportioned to *Alaska* under the *Combined Method of Accounting* for each *Person* making the report, the Alaskan portion of items of the same type (e.g., ordinary business income or loss, nonbusiness capital gain or loss, credit-generating expenditure) in the report for the individual *Persons* are added up into a net Alaskan total for each type, and the amount of the *Payment in Lieu of SCIT* is calculated on the basis of the totals for each type.

“Consolidated Report” means a report made on the basis of *Consolidated Reporting*.

A.2.2 Consolidated Reports. Each *Participant* shall file *Consolidated Reports* on behalf of itself and all of its *Alaska* nexus *Unitary Business Affiliates* eligible to be included in those reports. The *Combined Method of Accounting* must be used in determining the amounts of the *Payments in Lieu of SCIT* that are reported in those reports.